

4/25/77 [1]

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THE PRESIDENT'S SCHEDULE

Monday - April 25, 1977

7:15 Dr. Zbigniew Brzezinski - The Oval Office.
 7:45 Mr. Frank Moore - The Oval Office.
 8:00 Cabinet Meeting. (Mr. Jack Watson).
 (2 hrs.) The Cabinet Room.
 10:00 Mr. Jody Powell - The Oval Office.
 10:30 Arrival Ceremony for His Majesty King Hussein I
 of the Hashemite Kingdom of Jordan. (Dr. Zbigniew
 Brzezinski) - The South Grounds.
 11:00 Meeting with His Majesty King Hussein I of the
 (90 min.) Hashemite Kingdom of Jordan. (Dr. Zbigniew
 Brzezinski) - The Cabinet Room.
 1:00 Lunch with Vice President Walter F. Mondale.
 The Oval Office.
 2:30 Joint Interview with Le Monde of France, The Times
 (30 min.) of London, La Stampa of Italy and Die Welt of Germany
 (Mr. Jody Powell) - The Oval Office.
 3:00 Mr. Robert McKinney - The Oval Office.
 (15 min.)

THE PRESIDENT'S SCHEDULE

7:30 Working Dinner with His Majesty King Hussein I.
 The State Dining Room.

Hussein

Real peace
 Territory
 Palestinians
 PLO vs UNR 242
 Pre Geneva agreement

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THE WHITE HOUSE

WASHINGTON

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MINUTES OF THE CABINET MEETING

Monday, April 25, 1977

The fourteenth meeting of the Cabinet was called to order by the President at 8:04 a.m., Monday, April 25, 1977. All Cabinet members were present except Ambassador Strauss, who was attending meetings in Europe, and Mr. Lance, who was represented by Deputy OMB Director Jim McIntyre. Other persons present were:

Joe Aragon	Tim Kraft
Zbigniew Brzezinski	Bob Lipshutz
Landon Butler	Bunny Mitchell
Douglas Costle	Dick Moe
Stuart Eizenstat	Frank Moore
Jane Frank	Daniel Murphy
Rex Granum	Frank Press
Barry Jagoda	Jay Solomon
	Jack Watson

The President said that he regretted missing Dr. Schlesinger on Face The Nation yesterday, but that he had watched the energy industry representatives on Meet The Press.

1. The President asked for comments from Cabinet members, beginning with the Secretary of State:

-- Mr. Vance described the situation in Ethiopia. When the United States communicated its decision regarding aid for crops and jeeps to Ethiopia, we were given notice to close our defense installations there. We have protested the decision and are monitoring the situation closely.

-- King Hussein of Jordan arrives this morning for meetings with the President. The Palestinian question and other important issues concerning the Middle East will be discussed. Mr. Vance is optimistic about the talks.

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-- Mr. Vance said that useful discussions with Foreign Minister Khaddam were concluded last week, including discussion regarding the nature of a possible peace settlement in the Middle East.

-- Spanish President Suarez will arrive later this week.

-- The State Department is putting the final touches on its preparations for the forthcoming International Economic Summit in London.

-- Discussions are continuing with Soviet Ambassador Dobrynin on SALT.

The President discussed briefly his hopes for improved relations with Portugal and Spain.

-- Mr. Brown provided more details concerning the closing of our installations in Ethiopia.

2. Mr. Andrus said that he will be absent from next week's Cabinet meeting in order to attend the American Mining Congress.

The President and Messrs. Schlesinger and Andrus discussed the schedule of projected coal production over the next several years.

3. Mr. Califano said that he and the President will announce the hospital cost containment package at a White House press conference today. The package is estimated to save as much as \$12 billion between 1977-1980. The Senate will hold joint hearings this week on the proposal, and the House has scheduled joint hearings in several weeks.

-- Mr. Califano described HEW's program to screen, diagnose and treat poor children, which is expected to pass the Congress and which will have a substantial impact on health care for children throughout the country.

-- He will announce his top civil rights appointments today. They include David Tatel, Director of the Office of Civil Rights; Cynthia Brown, Deputy Director for Compliance and Enforcement, Office of Civil Rights; and Wilbert Cheatham, Deputy Director for Program Review, Office of Civil Rights. Mr. Califano intends to reorganize the Office of Civil Rights in order to give it more authority to deal with civil rights issues across the board in HEW.

-- Mr. Califano said that he has overestimated by \$1 billion HEW's spending in fiscal year 1977.

-- He is trying to expedite formulation of fair and sensible regulations for the handicapped. He noted that the San Francisco group, which is still occupying HEW's regional office, has been disavowed by the national association.

4. The President said that in lieu of the Cabinet meeting next Monday a two to three hour joint Cabinet/Legislative meeting will be held to discuss the budget. Approximately twenty Congressional leaders will be invited to attend. Mr. Schultze said that the meeting will consider OMB's five-year projection of expenditures; OMB's list of "threats" to a balanced budget by 1981; and the economic assumptions on which the upcoming budgets are based. The President stressed the importance of close cooperation with the Congress, and urged Cabinet members to take every opportunity to persuade Congress to hold the line on budget expenditures. OMB Deputy Director Jim McIntyre said that OMB will be meeting with every Cabinet Secretary early this week, prior to presenting the President on April 28 with a briefing paper for next Monday's meeting.

5. Mr. Schultze said that he and Mr. Blumenthal will testify tomorrow on the "fourth" Congressional Budget Resolution. He said that the budget deficit for fiscal year 1977 is now projected to be approximately \$19 billion lower than original estimates, not counting the \$1 billion overestimated spending by HEW.

-- Mr. Blumenthal suggested the need to accelerate some fiscal year 1978 spending into the last quarter of fiscal year 1977.

6. Dr. Brzezinski said that NSC committee meetings were held last week on the U.S. military presence in Korea and the Philippines. Preliminary recommendations on both issues are being submitted to the President, and a full NSC meeting will be scheduled on Korea.

-- Meetings were also held on the Middle East, on SALT, and on arms transfers policy, all of which resulted in memoranda to the President. The arms transfers memorandum discusses three issues: decreases in the volume of arms; limits on high-technology weapons; and impediments to co-production schemes abroad.

-- Dr. Brzezinski said that he believes we need a Presidential review memorandum on human rights policy, and that he plans to have a proposal to the President on the subject this week.

-- Mr. Vance added that he is working on a speech for Georgia Law Day on the human rights issue, and that he will give a draft of the speech to Dr. Brzezinski.

The President noted that he also plans to speak on this general subject at the Notre Dame commencement in late May.

-- Dr. Brzezinski said that he is monitoring the results of British Foreign Minister David Owen's trip to Africa.

7. Ambassador Young met last week with 600 people from the United Nations Association.

-- He said that the Economic and Social Council (ECOSOC) began its work last week, and he delivered the statement for the United States Delegation.

-- He described forthcoming meetings with several foreign leaders.

-- Ambassador Young noted that a proposed meeting of the Security Council on Zaire had been avoided.

-- He said that tomorrow some Security Council representatives will meet to discuss Namibia.

-- Ambassador Young will meet next week with the editorial boards of a major magazine and television network.

-- He said that the reaction to last night's visit by the President to the dedication of the Africa Room at the Kennedy Center had been extremely positive.

8. Mr. Marshall gave a presentation to the Cabinet on labor law reform issues--including a summary of legal authority governing labor relations; some contemporary labor relations issues; and the dimensions of a possible reform package.

-- Attorney General Bell and Mr. Marshall discussed some alternatives concerning EEOC reform.

-- Mr. Marshall mentioned his trip this past weekend to Mexico where he met with the Mexican Labor Secretary to discuss numerous topics, including undocumented workers and the exchange of technical and employment information between the two countries.

The President noted a recent Gallup Poll on undocumented workers. He urged that the options paper being prepared by several Cabinet Secretaries be expedited, and that care be taken to assure adequate protection for the workers involved.

9. Attorney General Bell said that the Justice Department hopes to send legislation on electronic surveillance and magistrates to the Congress by the end of this week.

-- He meets today with ten FBI agents who will present grievances about the recent indictment of an ex-FBI agent. This will be the first of a series of meetings he will hold on the FBI.

The President said that he had read a critical article on the proposed magistrates bill and that the criticism had not yet been adequately answered. The Attorney General indicated he will talk to the opponents of the bill-- notably the Legal Services Corporation.

10. Mr. Blumenthal briefly described a meeting of finance ministers in Paris, which he attended over the weekend.

-- He said that the interim committee of the IMF meets in Washington this week to work on the agenda for the forthcoming International Economic Summit and to urge an increase in resources for the IMF.

-- He noted expressions of concern about the anti-boycott legislation as it is being marked-up by the Congress. The early agreement among interest groups seems to have fallen apart, and he wants to meet with Cy Vance, Ms. Kreps and others to discuss the subject.

-- Mr. Blumenthal noted that he had recently been visited by the OMB reorganization team. He commented that, in his view, although some structural reform will be necessary and helpful, the main challenge in "reforming" government operations lies in the utilization of modern personnel management. He noted the absence of performance

standards; proper delegation of cost and budget responsibilities; flexibility training; career systems; and government-wide job recruitment.

The President said that Mr. Blumenthal and other interested Cabinet members should meet with Mr. Lance and the Civil Service Commissioners to explore these issues. He also noted that zero-based budget techniques, when properly used, will help solve many of these problems.

-- Mr. Marshall added that the collective bargaining situation in the federal government also needs substantial review and reform.

11. Mr. Bergland commented on the need to control the use of export subsidies and noted that leaders in the European community are also eager to do something about the problem.

-- He spent last week on the Hill and believes that pressure will continue to mount for spending the deficit shortfall.

-- Mr. Bergland noted the concern of some foreign leaders that we will embargo soybean exports. He has assured those concerned that his option is not even being considered. Soybean acreage will be up this year, although wheat and corn will be down. It is too early to tell what will happen with the Soviet wheat crop.

12. Ms. Harris said she had a good meeting with Senator Muskie on Friday, and that he will not block an effort to restore cuts in the HUD budget. From her conversations, though, she said Senator Muskie is deeply concerned about not being adequately and timely informed of the Administration's budget decisions.

-- Ms. Harris described certain problems with the private sector concerning flood insurance. HUD has decided to renew contracts with certain private insurers but only on the condition that they adopt proper accounting systems.

-- She stressed problems of incompetence of certain HUD personnel--an issue she has previously discussed with OMB. She said that she plans to take appropriate action to replace people who do not meet proper performance standards.

The President reiterated his desire that Mr. Lance and the Civil Service Commission meet with Cabinet members on personnel problems. He fully understands the concerns being expressed and thinks it is time for some solutions to be developed.

13. Dr. Schlesinger thanked the Cabinet and White House staff for their cooperation in developing the energy plan. He said that public response has been excellent and believes that a clear majority of the public believes in the seriousness of the problem and the need for sensible, affirmative action.

-- He reported that the energy reorganization bills are being marked-up in both Houses. He suggested that it would be helpful for the President to call Senator Ribicoff this afternoon; the President said he would be happy to meet with Senator Ribicoff and others this afternoon on the subject and asked Dr. Schlesinger to arrange the meeting.

-- Dr. Schlesinger said that it is not true that the energy plan is all "conservation" and no "production" in its orientation. The plan gives substantial incentives at the margin for new production, and, indeed, drilling is up. He observed that the criticism is being raised chiefly by producers who oppose the well-head tax.

-- The Vice President said that it would be helpful for Dr. Schlesinger to provide draft fact sheets and question and answer outlines for Cabinet members and others who are constantly asked about the energy plan.

The President stressed the importance of marshalling efforts to get the energy legislation passed. He described a recent conversation with Speaker O'Neill, who plans to have the legislation passed by the House and over to the Senate in July. He noted that Senate Majority Leader Byrd is concerned about the procedure the House has adopted to consider the omnibus energy bill. Senator Byrd does not believe that such a procedure will work in the Senate.

The President noted that public opinion polls show that seventy percent of Americans think that the energy problem is serious.

14. Mr. McIntyre said that zero-based budgeting instructions went out from OMB last week, and that the OMB staff will continue to work on this issue with all of the Cabinet departments.

-- He summarized the status of OMB's effort to reduce advisory committees. Recommendations have been received from forty-eight departments and agencies covering 750 out of 1,180 advisory committees, and proposing that 200 advisory committees be eliminated. Four major departments and agencies have yet to report. OMB expects to get its report on the subject to the President by the end of the next week.

15. Mr. Adams will testify today with EPA Administrator Doug Costle before Congressman Dingle's Committee on air emission standards.

-- He will chair a public hearing this Wednesday on air bags.

-- He reported that the United Kingdom transportation delegation is in town. The President said that he would like to make the telephone call to Prime Minister Callaghan to discuss the U.S./U.K. air rights issue this week.

-- He described his recent visit to San Jose, California, the largest growing suburban community in the nation. When he discussed the energy plan, questions arose concerning the need for a comprehensive transportation policy. Mr. Adams stressed that DOT is working on one which should be ready for introduction in the Congress by October. He noted that the existing highway and other transit programs will expire in October 1978, and that that fact will provide some leverage in the effort to pass the comprehensive transportation program.

16. Ms. Kreps described the keen interests of certain United Kingdom representatives in the Zenith (color television) case and the progress of anti-boycott legislation. Mr. Vance said that he is prepared to meet with her on these issues tomorrow.

-- She asked for some material on the energy plan from Dr. Schlesinger.

-- Ms. Kreps said she is concerned about minority hiring and the fact that the Commerce Department is not doing as well as she had hoped. The President asked Mr. Lipshutz to prepare a memorandum on government-wide progress in this area.

17. Mr. Brown described developments in the Congress concerning the mark-up of the DOD budgets. Some of the

"micro-management" he described at an earlier Cabinet meeting is being abated.

-- He noted that the Senate and House added some FY 1978 funding for medical services to the FY 1977 budget. He believes that the item is unnecessary, but that Congress is likely to pass it.

18. The President said that he is not pleased with elimination of only 200 out of 750 advisory committees, and hopes that we can do better.

-- He asked Mr. McIntyre about the status of OMB's letter on consultants.

The President noted the problem regarding excessive use of audio-visual production. He has asked Barry Jagoda to inventory what is going on in the departments with those programs and said that Mr. Jagoda will be in touch with all Cabinet members.

The President introduced Mr. Jay Solomon, the new Director of GSA, and commented on his excellent qualifications for the job.

The meeting was adjourned at 10:10 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jack Watson". The signature is written in dark ink and is positioned above the printed name.

Jack H. Watson, Jr.

THE WHITE HOUSE
WASHINGTON

April 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM.*
SUBJECT: CALL FROM SECRETARY BLUMENTHAL

Secretary Blumenthal called me this morning and wanted to know your intentions on the tax bill. I reminded him that Larry Woodworth represented the Treasury Department at the meeting with Senator Long. He said that there were still some matters that were unclear, and he wanted to know exactly what your tax policy was going to be.

I did not tell Blumenthal of Charlie Schultz's feeling about the need for additional stimulus, although he probably learned this from Charlie.

Blumenthal fears that Long will drop the increased investment tax credit provision in the Senate bill and let Ullman substitute his jobs tax credit proposal for the Senate's jobs tax credit proposal, thus leaving us with the worst of all worlds.

I said that I would ask you to call him.

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THE WHITE HOUSE
WASHINGTON

*\$160 B.I. - \$700
one month salary
Hosp Cost Containment
'50 1000% 8X
2X next 5 yrs
#2 B.I. - 1978
CHILD Health ASSES Prog*

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

April 25, 1977

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cc. Calipano

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

SUBJECT: Four International Human Rights Treaties

This interim report supplements the previous reports given to you regarding the status of the above matters.

Working with Bill Smith, Senate Congressional Liaison representative of the Vice President, I have met privately with five members of the Senate Foreign Relations Committee to seek their advice and support: Senators Humphrey, Church, Javits, Sparkman and Clark. I also have met with two of the Senate Foreign Relations Committee staff persons.

Each of the five Senators contacted to date has indicated support for the "general" approach in the language relating to ratification; and, in addition, I have received some constructive recommendations from several of them.

At the suggestion of Bill Smith, I also will see Senator Robert Byrd and Senator Cranston, as well as perhaps a few other members of the Senate Foreign Relations Committee. This should be completed within the next week to ten days.

It then is my intention to reconvene with the representatives of the Justice Department and the State Department and the National Security Council for the purpose of arriving at a final recommendation to you as to the language to be used in the message to the Senate.

I will keep you advised.

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EYES ONLY

THE WHITE HOUSE
WASHINGTON

April 25, 1977

The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Re: Cabinet Summaries

The attached were returned in the President's
outbox and are forwarded to you for your
personal information.

Rick Hutcheson

Summaries Attached:
HUD, Interior, Transportation,
Treasury, United Nations, Labor,
Justice, Agriculture, Commerce,
CEA, Defense, and HEW.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TP: THE PRESIDENT

FROM: Jack Watson *Jack* April 23, 1977

RE: Cabinet Summaries for Week of
April 18 - 22, 1977

I attach summaries received from the following
departments:

Agriculture	Interior
Commerce	Justice
CEA	Labor
Defense	Transportation
HEW	Treasury
HUD	UN

Attachments

CC: The Vice President

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THE PRESIDENT HAS SEEN.
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

April 22, 1977

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

Urban and Regional Policy Group. The Urban and Regional Policy Group, which I chair, held its first meeting on Thursday, April 21. The members have asked their deputies to meet on April 28 to develop an agenda for consideration by the Group, and it is our expectation that a report will be made to you early this summer.

Several issues were discussed at the meeting, and it was agreed that the Group would focus sharply on identifiable finite issues requiring your attention. There appeared to be consensus that the issues of urban finance and economic development are of immediate concern, and that there should be early consideration of mechanisms for coordinating related Federal policies that have an impact on urban areas.

I was pleased with the expression of commitment of the Secretaries to identifying the critical elements of urban policy requiring coordinated review.

Major Disaster Activity. Federal disaster assistance teams are continuing their disaster assistance operations in the affected areas of Alabama, Kentucky, Virginia, and West Virginia. Disaster Assistance Centers, staffed by Federal, State, local and voluntary agency personnel, have been established throughout the impacted areas. As of Wednesday evening, April 20, 39,813 persons had passed through the centers. The primary assistance needs are essentially the same: temporary housing, Disaster Unemployment Assistance, Emergency Food Stamps, and low interest disaster loans.

Although the original estimate of 12,785 families requiring temporary housing has decreased, current estimates indicate that 7,659 families and individuals will require housing assistance. To date, 7,477 applications for relief

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have been received and 4,488 individuals and families have been determined eligible for assistance. We anticipate that housing assistance will be provided by utilizing 2,800 units with minimal repair, 4,500 mobile homes, and 359 available existing units.

Disaster Field Offices are experiencing some difficulty in hiring local people to assist with housing relief activities. The labor supply is limited because most local people are disaster victims burdened by the necessity of cleaning their homes. Disaster Field Offices are exploring the possibility of hiring students from local colleges and universities during the summer recess. State unemployment offices in disaster areas and adjacent states have been asked to identify available candidates.

Community Development Block Grant Initiatives. New policy and management initiatives reflecting the views of this Administration now have been issued. General policies and program initiatives were set forth in a memorandum to all entitlement cities and HUD field offices, and detailed guidance on review of applications, monitoring of program performance and other program issues were specified in a separate HUD Notice. These documents were sent directly to local officials to assist in promoting direct communications with local officials.

The documents are intended to accomplish the following purposes:

- strengthen the partnership and cooperative approach between HUD and local government;
- assure that the CDBG program principally benefits low- and moderate-income persons;
- strengthen the relationship between community development and housing;
- emphasize the importance of developing a comprehensive strategy to address urban problems;
- increase monitoring and improve the performance of local community development programs.

Warning on Consultants. HUD field offices have been instructed to watch for instances in which consultants may be taking advantage of Community Development Block Grant applicants, particularly small towns seeking discretionary funds. Debarment proceedings have begun on the question of debarment of one consultant group operating in Arkansas, Illinois, Tennessee and Missouri.

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First National Survey of Local and Regional Needs Created by Energy Development. The Urban Land Institute has completed the first national survey of State awareness and perception of local and regional needs created by energy production and extraction facilities development.

This HUD-sponsored report will be made available to other Federal agencies at an upcoming meeting of the HUD-sponsored interagency Energy Impact Work Group. The report is the first comprehensive survey of how States are responding to the rapid growth of energy facilities, an important aspect of the Administration's plan to develop new sources of energy, particularly coal.

Deposits in Minority-owned Banks. Average daily deposits of government agencies in minority-owned banks were up 23 percent during 1976 over the previous year's average. The Department of Housing and Urban Development led the list of Federal depositors with an average balance of \$24.9 million.

Redlining Task Force. On Monday, April 18, HUD's Task Force on Redlining and Disinvestment met with Robert Kuttner, staff person on the Senate Committee on Banking, Housing and Urban Affairs, to discuss the Community Reinvestment Bill (S. 406). Problems discussed at the meeting included the definition of credit needs, affirmative action plans for lending institutions, the role of HUD in the regulatory process, and the impact of providing credit to inner-city neighborhoods. The discussion addressed a variety of recommendations for possible legislative revision. The Task Force will continue to meet with Mr. Kuttner as it pursues its broader mission of developing an intra-departmental strategy to prevent redlining and encourage and support reinvestment strategies and programs.

Real Estate Settlement Procedures Act. On April 19, HUD representatives attended an interagency meeting with the Federal Trade Commission, Federal Reserve Board, Federal Home Loan Bank Board, and other agencies to describe the planning and objectives of the research mandated by Congress in the Real Estate Settlement Procedures Act (RESPA).

The purpose of the meeting was to (1) inform these agencies of the Department's research directions, which will include improved land recordation procedures, evaluation of RESPA, and analysis of current constraints in the purchasing and selling of houses; (2) seek their cooperation in the research efforts; and (3) identify areas of potential collaboration between the agencies on enforcement issues. Follow-up meetings are planned with the Federal Trade

Commission. The financial supervisory agencies have met with HUD in the past and have actively assisted us in the enforcement of RESPA by including questions on whether lenders have complied with RESPA in their examination procedures.

Budget Cuts. An effort headed by Senators Proxmire, Brooke, Sparkman and Mathias is underway in the Senate to restore the full amount cut by the Senate Budget Committee from the amounts requested by the President for HUD for Fiscal Year 1978. This effort is supported by a coalition of public interest groups which includes the U. S. Conference of Mayors, League of Cities, U. S. Governors Conference, National Association of County Officials, National Association of Home Builders, National Association of Housing and Redevelopment Officials, National Housing Conference, Council of State Housing Agencies, and the building trades units of the AFL-CIO. We presently anticipate that the first budget resolution will be brought to the floor early next week and that an amendment to restore the cuts will be offered and voted upon. HUD is providing information and assistance as requested by Senate staff.


Patricia Roberts Harris



THE PRESIDENT HAS SEEN.
THE SECRETARY OF THE INTERIOR
WASHINGTON

April 22, 1977

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MEMORANDUM TO THE PRESIDENT

FROM: The Secretary of the Interior
SUBJECT: Major Topics for the Week of April 18

This has been one hell of a week for all of us, but you have had the worst of it so I won't give you any of my problems.

Redwoods--being handled.

Water Projects--we will win, but it isn't over.

In the energy package, we discussed the need for public data on oil and gas reserves on the public domain. This will have impact on our budget and personnel ceilings.

I spent 4 1/2 hours on the Hill and 3 hours of preparation.

Cecil D. Andrus
CECIL D. ANDRUS

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THE PRESIDENT HAS SEEN.
THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

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April 22, 1977

INFORMATION

MEMORANDUM FOR THE PRESIDENT

Through: Jack Watson

SUBJECT: DOT Issues for Presidential Review

FROM: The Deputy Secretary, Alan A. Butchman, on
behalf of Secretary Brock Adams

Alan A. Butchman

Secretary Adams is on travel today in California where he held a town meeting on suburban transportation problems and also urged support for your energy proposals. He will be in Washington State over the weekend, but will return before the Monday morning Cabinet Meeting. He asked that I provide you with an update on the following items now pending at the Department.

Fuel Economy and the Clean Air Act

On Monday, April 25, Secretary Adams will testify on automotive fuel economy before Congressman John Dingell's Subcommittee on Energy and Power. The hearings will examine DOT's administration of the Motor Vehicle Information and Cost Savings Act which requires the Secretary of Transportation to set average fuel economy standards for passenger automobiles during model years 1981-84. Congressman Dingell will aggressively seek to discredit the adequacy of both Federal studies on fuel economy and the Administration's position on auto emission standards announced by Doug Costle of EPA earlier this week. We anticipate that House and Senate Committee mark-up of the Clean Air legislation will be completed by May 1.

Secretary Adams has sent, under separate cover, a memorandum outlining his proposed testimony and our efforts to ensure compatibility between the fuel economy standards and the clean air standards.

Air Bags

On Wednesday, April 27, Secretary Adams will chair a public hearing on the Department's proposed rule for passive restraints in automobiles (air bags). The Department has

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received extensive public, industry, and Congressional interest in this subject. As outlined in his earlier memoranda, the Secretary expects to make his decision by July 1. Following issuance of a final rule, Congress will have sixty days to review the decision. A vote of both Houses is needed to overturn the Secretary's action.

Rural Transportation

On April 16, Secretary Adams attended a conference on rural transportation needs. As he indicated in last week's Cabinet Meeting, and would like to emphasize again, our rural population which has no alternative methods of transportation for the automobile, and which must cover long distances in the Midwest and West, will pay a greater proportion of increased petroleum taxes. Efforts should be made, as the legislative work on these proposals progress, to address this impact. The departmental staff is prepared to work with White House, FEA, and EPA staff on this.

DOT Review of Contracts

The Department has begun a comprehensive review of its contracting procedures and practices. Secretary Adams has already cancelled nearly \$2 million in public relations contracts and has emphasized the need to work with OMB in quickly completing our contracts report. He intends to give you a summary of our findings as soon as this work is finished.

Jet Noise Policy

Secretary Adams is scheduled to testify before the House Public Works Committee Subcommittee on Aviation on April 28 on Chairman Glenn Anderson's bill to increase Federal participation in aircraft noise abatement.

We have been working with your policy staff, OMB, and other affected agencies to develop an Administration position on this issue. We are advised that Stu Eizenstat has sent you an options paper covering the few remaining issues on which there is not full agreement. If you have major problems with the DOT proposal, the Secretary would like to meet with you to discuss them.

Our Department supports retaining the current noise rule (FAR 36), including the requirements for retrofit of two/three engine aircraft which represent 84 percent of daily operations. The process of repealing this rule would

involve nearly a year of rulemaking proceedings and would generate bitter controversy and criticism among affected communities as well as in the Congress. There are also longer-term advantages in terms of energy, employment and much improved environmental performance that could be achieved by a broader financing program encouraging replacement of current jets with new technology aircraft. Secretary Adams believes that this can be achieved in concert with aviation regulatory reform and with no more budget impact than would occur with the likely reduction of the current level of taxes on commercial aviation activities.

I-66 Wage Rate Determination

On March 30, the Labor Department determined that the Davis-Bacon wage rate for the first segment of I-66, the combined Highway and Metro project for Northern Virginia should be split between highway and heavy duty rates. Thus, a laborer doing highway work would be paid \$4.50 per hour while a laborer doing Metro work would earn \$9.07 per hour. An appeal by the State of Virginia (which wants the entire project compensated at highway rates) and by the labor unions (who want the entire project compensated at Metro rates) is pending at Labor's Wage Appeals Board.

In view of the fact that this decision will have an enormous impact on Federal funding (Federal participation is 90 percent for the project), we intend to file Tuesday afternoon in support of Virginia's appeal on the grounds that (1) the work on the highway and the work on the median is virtually identical - the contract does not include rail work but only grading and embankment; (2) the separation of highway work from median work required to administer the dual wage rate would be extremely difficult; and (3) the higher wage rate for the Metro work will increase the cost of the project. .

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O: President Carter April 21, 1977
HRU: Jack Watson THE PRESIDENT HAS SEEN.
ROM: USUN - Ambassador Young
SUBJECT: Weekly Summary of U.S. Mission to UN Activities,
April 13 - April 20 1977 APR 22 PM 12 33

- . SECURITY COUNCIL (SC): MILD RESOLUTION ON BENIN COMPLAINT ADOPTED 4/14
Resolution did not implicate specific states in January raid.
- . YOUNG MEETING WITH APPEAL FOR RECONCILIATION DELEGATION, 4/14
Discussed aid to Vietnam.
- . YOUNG/HANSEN MEETING ON NORTH-SOUTH ECONOMIC ISSUES, 4/18
- . YOUNG/SENATE FOREIGN RELATIONS SUBCOMMITTEE ON AFRICA, 4/18
Urged fullest appropriation possible be granted to African
development Fund.
- . YOUNG/D.C. NAACP LEGAL DEFENSE FUND SPEECH, 4/18
- . ECONOMIC AND SOCIAL COUNCIL PLENARY STATEMENT, 4/19
Amb. Young stressed problems of hunger, torture and racism.
esponse has been favorable.
- . UNA/USA BIENNIAL CONVENTION, 4/19
Addressed luncheon and hosted reception in honor of Gov. Scranton.
- . PRESENTATION OF INTERNATIONAL LEAGUE FOR HUMAN RIGHTS AWARD TO
PRIME MINISTER SOARES OF PORTUGAL, 4/19
- . DINNER MEETING WITH JUDITH HART, BRITISH MINISTER FOR OVERSEAS
DEVELOPMENT, 4/20
Discussion of general development questions and US-UK cooperation
n southern Africa.
- . LUNCHEON MEETING WITH DR. MARGARET MEAD, 4/20
Dr. Mead stressed contribution of Non-Governmental Organizations
o UN Activities and urged closer cooperation between USUN and NGOs.
- . YOUNG MEETING WITH RAFAEL SALAS, UN FUND FOR POPULATION, 4/20
Briefing on UNFP activities and exchange of ideas and views.
- . YOUNG/MARK CHONA (SPEC. ASST. TO ZAMBIAN PRES. KAUNDA) Meeting 4/20
Chona urged early meeting between Pres. Carter and Pres. Kaunda.
eneral discussion centered on Rhodesia and Zaire.
- . FIVE-POWER DEMARCHE ON NAMIBIA
Consultations between Five SC members have resulted in draft working
aper defining substance and style of consultations in Capetown next week.
- . SECURITY COUNCIL: SOUTH AFRICA
Indepth discussions will continue on Declaration next week with return
f moderate Nonaligned and African SC members to New York.

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THE WHITE HOUSE
WASHINGTON
April 25, 1977

Secretary Brown -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Z. Brzezinski

Re: Base Realignments &
DOD Appointments

THE PRESIDENT HAS SEEN.

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

22 April 1977

1977 APR 22 PM 3 59

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(Week of 16-22 April 1977)

Congressional Actions: The House is considering our FY 1978 Authorization Bill. Most of the approximately 21 potential floor amendments to the bill would cut or delay weapons system procurement and R&D funding. Few if any are likely to succeed. Floor action should be completed today.

The Senate Armed Services Committee is continuing mark-up on its Authorization Bill. The Committee's actions appear to go in the direction of returning the bill to more nearly the form in which you submitted it, thus countering many of the actions taken by the House Armed Services Committee. In this connection, your breakfast meeting on Tuesday was timely and helpful. We should know details of the mark-up next week.

Both Houses will consider the FY 1978 First Concurrent Budget Resolution next week. I continue to be concerned about the House's recommended \$4.15B cut. We are working with the House Congressional leadership to arrive at a resolution closer to our budget request.

Frankford Arsenal Employee Placement: Charles Duncan has directed that Frankford Arsenal employees be accorded priority rights for placement at other Defense facilities and that all Defense activities in the greater Philadelphia area explore opportunities for placement through retraining. Charles also has asked the Civil Service Commission to assist in placing as many Frankford employees as possible in other Federal agencies in the Philadelphia area.

Continuing Implementation of Reorganization: Following up earlier discussions with you and Bert Lance, I have abolished another Assistant Secretary of Defense position. The functions of the former Assistant Secretary of Defense (Installations and Logistics) are being reassigned in part to the Director of Defense Research and Engineering (major systems acquisition responsibilities) and the balance to the Assistant Secretary of Defense (Manpower and Reserve Affairs) (most logistics and installations responsibilities). This and previous actions will make possible reductions in personnel at all grades. I am sending you a separate memorandum requesting downgrading of two other positions from Level IV to Level V as part of a related reassignment of functions.

Co-Production of XM-1 Tank: John Riccardo, Chairman of Chrysler Corporation, told Charles Duncan that Dutch and British contacts had made preliminary inquiries on the possibility of co-production of the XM-1 Tank. Riccardo's

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position is that the U.S. Government is Chrysler's only customer for military hardware and he would await governmental guidance before making any response. Charles informed him that the overall arms transfer policy was under study and that a firm U.S. policy could be expected in the June timeframe.

Elimination of Advisory Committees: Charles Duncan has sent Bert Lance a list of eleven Department of Defense advisory committees being eliminated as a result of the recent review. Prior to the current review, only 61 of the approximately 1250 Federal advisory committees were in DoD. Nevertheless, we believe more can be cut and Charles has ordered a second review with that in mind.

Discharge Review Program: Inquiries are averaging about 1,000 per day. Through April 20 nearly 17,000 calls had been processed. Public Affairs officers here and at the local level are working with local media to publicize the program.

Visit to Wright-Patterson: On Monday Charles visited the Air Force Logistics Command and Aeronautical Systems Division at Wright-Patterson Air Force Base, Ohio. He received briefings on logistics as well as from the F-15, F-16, and B-1 Project Managers.

Energy: Regarding your energy conservation initiatives, I believe that DoD should be treated like any other Department with respect to activities which do not affect operations and combat readiness. With respect to those that do, however--such items as ship steaming and flying hours--the judgments ought to be made separately, taking into account national security considerations.

Base Realignments: Charles has discussed with Jack Watson the need to analyze social and economic effects of base closures, and to ensure early and adequate economic adjustment planning. He has directed the staff to plan for improvements in that area. I expect base realignments to continue where clear and substantial economies will result; such actions are essential if we are to realize savings in the Defense budget. *ok*

DoD Appointments: Your nomination of John White yesterday completed the selection of Presidential appointees to existing positions in the Office of the Secretary of Defense. (Approval by Congress is pending regarding replacement of the second Deputy Secretary by an Under Secretary for Policy.) A few positions remain to be filled in the military departments, the most significant being Under Secretary of the Army. I noted recently in reply to an inquiry from Senator Proxmire on conflicts of interest that your appointments to DoD have drawn unusually heavily on persons of academic, non-Defense or non-profit-corporation backgrounds. Three of your top five appointees to this Department are businessmen, but none of those three is from a Defense contractor. *True Today*

Long-Term Goals: Our objectives for the next year include actions in the following areas:

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1. SALT and strategic forces
2. NATO
3. Shipbuilding
4. Manpower and bases
5. Planning proper force structure
6. Personnel issues, such as:
 - (a) Blue Ribbon Panel
 - (b) Unionization
 - (c) Volunteer Force
 - (d) Compensation
7. Intelligence organization and funding
8. DoD reorganization

I shall report to you from time to time our progress on each.

Harold Brown

THE WHITE HOUSE
WASHINGTON

April 25, 1977

Secretary Califano

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Health Message & 504
Regulations

April 22, 1977

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- 2 -

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities within the Department of Health, Education, and Welfare.

. Health Message. As you know, your health message will be sent to the Congress on Monday, April 25th. I hope that you will be able to stop by the press briefing for a short period of time to indicate strong Presidential support for the proposal. After I brief the press at the White House, a technical briefing will be held at HEW. Working in cooperation with your staff, we will have a copy of your message, and background documents, delivered to the office of every Member of Congress and mailed to every Governor on Monday. During the week, we expect to get statements of support from Congressmen, Governors, other public officials, hospital administrators, insurers and other interest groups.

I can schedule

. Welfare Reform. On Wednesday, I will address the Washington Press Club on welfare reform. This will be a back-drop for May 1 and I will discuss the problems and myths of our present welfare system.

. 504 Regulations. I hope to issue a revised regulation affecting the handicapped next week. We have been able to shorten the regulation (although it is still quite long) and simplify it (although it is still quite complex). The Attorney General has concluded that drug addicts and alcoholics must be included in the regulation. As I have emphasized, the regulation will be controversial, both with the handicapped and with recipients of Federal funds. I believe, however, that it will be a significant step forward for the handicapped and that there is enough flexibility in the regulation so that we may proceed in as sensible a manner as possible, given the vagueness of original legislation and the draft regulation that was left with us by the last Administration.

I don't see why

. Medicaid Errors. A new survey to be released next week shows that \$9 out of every \$100 paid by the States for Medicaid services is spent in error, primarily because recipients are ineligible. An early draft of this study was the basis for statements I made on error rates in Medicaid at the time of the Departmental reorganization. This problem will be one of the major items that the new Health Care Financing Administration will address.

Joseph A. Califano Jr.
Joseph A. Califano, Jr.

1977 APR 22 PM 2 38

April 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: CEA Weekly Report

During the past week, the Council has been involved in the following activities:

Television Imports. The International Trade Commission, the Customs Court and the Treasury have in separate actions laid the groundwork for a major increase in tariff and quota barriers against imported consumer electronic products, primarily television. My staff is analyzing the impact of these decisions and assessing alternative Administration responses.

Economic Impact Analyses. CEA staff members, working with other agencies, have made progress in formulating operating procedures for the Administration's program to require regulatory agencies to take greater account of the economic impact of their regulatory decisions.

Congressional Budget Presentation. In consultation with OMB and Treasury, CEA is preparing material for the presentation next week to members of Congress on the difficulties we face in meeting our budget targets over the next several years.

Social Security Financing. The EPG will consider on Monday a number of proposals for correcting the near-term and long-term deficits that face the Social Security System. EPG is also examining alternatives for relieving the financing problem facing the Unemployment Insurance system. CEA staff members are examining proposals in both areas for their practicality and their overall economic impact.

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THE WHITE HOUSE
WASHINGTON

April 25, 1977

Charlie Schultze -

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Congressional Budget
Presentation

Humphrey-Hawkins. CEA has taken the lead role in formulating alternative legislation to the Humphrey-Hawkins full employment bill. We hope to draft legislation that does not suffer from the flaws of the existing proposals, but which the supporters of Humphrey-Hawkins might support. EPG will take a preliminary look at the draft this week, after which I will begin testing the waters on Capitol Hill.

cc: Vice President Mondale

THE WHITE HOUSE
WASHINGTON

April 25, 1977

Secretary Kreps

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Local Public Works Program

APR 22 1977-3:00



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

THE PRESIDENT HAS SEEN.

April 22, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Weekly Report

FARM BILL. Held a two-hour meeting with Senate Agriculture Committee to underscore the budget implications of their amendments to the administration's proposals. The President's call was most helpful in emphasizing our seriousness in holding the line. Also expressed fears that their loan rates would price the U.S. out of the world market. It should now be clear that the Senate's \$3.9 billion and the House's \$6.2 billion (for wheat and feed grains alone) are unacceptable.

ENERGY. The Edison Electric Institute, representing 200 investor-owned electric utilities, presented USDA with a plan similar to the FmHA/REA insulation program. It can go into effect by mid-May. Congratulations may be in order from the White House.

There are several indications of a severe shortage of trucks to haul the early May fruit and vegetable crops out of Florida. This is but an additional case of agriculture being too dependent on trucks and their high energy consumption. DOT/USDA should be exploring combination storage-hauling rail cars and other methods to reduce truck usage.

HAY. Abuses of the emergency hay transportation program may lead to indictments. USDA is exploring with FDAA the possibility of eliminating the program and using only the feed voucher program. This would save considerable money without jeopardizing possible indictments.

LUNCH. One of the largest suppliers of beef to the school lunch program is constantly violating inspection standards. Report due next week on how to deal with them.

FOREMAN. The Assistant Secretary for Food and Consumer Services continues to meet with the industry people who most fear her. Knowing Carol, we can be sure opposition will be reduced and cooperation increased.

THE WHITE HOUSE
WASHINGTON

April 25, 1977

Secretary Bergland -

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Energy and Hay

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CROPS. Spring planting estimates indicate an additional 2 million acres under till. More is being devoted to soybeans and cotton, less to wheat, with corn holding steady. This may reduce pressure on poultry producers and make other livestock feeders more optimistic.

WHEAT. Assistant Secretary for International Affairs and Commodity Programs returns from Canada tonight after preliminary meetings with wheat exporting nations. Full report to follow.


BOB BERGLAND

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THE WHITE HOUSE
WASHINGTON
April 25, 1977

The Attorney General

**The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.**

Rick Hutcheson

Re: FBI Selection Committee



THE PRESIDENT HAS SEEN.
Office of the Attorney General
Washington, D. C. 20530

April 22, 1977 ¹⁹⁷⁷ APR 22 PM 5 05

MEMORANDUM TO THE PRESIDENT

Re: Principal activities of the Department
of Justice for the week of April 18
through 22

1. Baker to Depart

Antitrust Assistant Attorney General Donald Baker is submitting his resignation to the President, to be effective May 8. The Attorney General earlier had requested Mr. Baker to remain until June 1. The Attorney General is considering several persons as Mr. Baker's successor, and will be making a recommendation to the President in the near future.

2. DEA Intelligence Review

A group of lawyers from the Office of the Attorney General, the Office of Legal Counsel, and the Investigation Review Unit of the Department held two meetings this week with the Assistant Administrator for Intelligence of the Drug Enforcement Administration, initiating steps toward a comprehensive investigation into DEA's domestic and foreign intelligence operation during recent testimony before the Senate Intelligence Committee.

3. Inventory of Lawyers

The Attorney General has requested that all agencies and departments in the Executive branch complete their attorney inventories by May 9. The inventory of the Department of Justice, which has now been completed, showed that 3300 of the Department's 3608 lawyers--or 92%-- are engaged primarily in the trial and appeal of cases.

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THE WHITE HOUSE
WASHINGTON
April 25, 1977

The Attorney General

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the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: FBI Selection Committee

4. Révision of Criminal Code

Senator McClellan has completed his review of the proposed revision of the Federal Criminal Code, the old S. 1, and has indicated his willingness to coordinate with the Attorney General and Senator Kennedy in working to pass this legislation. Indications are that the bill will be introduced within the next two weeks.

5. Events and Meetings

From April 18 through April 20, in Kamuela, Hawaii, the Attorney General met with and spoke to the Chief Executives Forum, a group of approximately 300 present or former chief executives of various business enterprises. On Thursday, April 21, the Attorney General attended the Southwestern States Conference on Border Crime in San Diego. Among those present were the Attorney General of Mexico, the Attorneys General of California, New Mexico, Arizona and Texas as well as their equivalents from Mexican Border States. The Attorney General spoke to the entire conference and held private meetings with those chief officials present from the United States and Mexico.

6. FBI Director Selection Committee

Irving Shapiro, the Committee Chairman, was told that the President wanted to retain the originally established deadline [May 11] for the recommendation of five candidates to the President. Mr. Shapiro has since communicated with Robert Lipshutz concerning the difficulty in meeting this deadline because of the pervasive solicitation of nominations and because of the large number of qualified names being received in response. Mr. Shapiro has requested that Mr. Lipshutz consider discussing with the President some modification of the President's deadline directive.

7. Dayton School Case

The United States filed a brief as amicus curiae in the Supreme Court in Dayton Board of Education v. Brinkman (No. 76-539). The brief was approved by and filed under the Attorney General's name. It generally follows the line of analysis developed in other briefs of the government in cases involving school desegregation remedies (recently restated in the government's amicus filing in the Court of Appeals for the Third Circuit in the Wilmington case). The brief states that, under this analysis, the record in the Dayton case supports the relief ordered. On this ground, affirmance of the judgment of the court of appeals was urged, even though all of that court's reasoning in the case was not agreed with.

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8. Organized Crime Study Continues

The internal examination of the Department's organized crime program is well underway. Numerous discussions and meetings have been held with the FBI, IRS and the Organized Crime and Racketeering Section of the Criminal Division. The Section Chiefs of each of the Strike Forces in the 13 cities were in Washington Friday of this week for an interchange concerning their views on organized crime in their localities. Although the examination is not complete, a full report with recommendations will be delivered in May.

THE PRESIDENT HAS SEEN.

"FYI"

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

April 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall RM

SUBJECT: Major Departmental Activities, April 16-22

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

OSHA plans to issue next week an emergency temporary standard for benzene. OSHA is acting in response to fresh data that exposure to benzene causes leukemia. This action has also been requested by such groups as the United Rubberworkers Union and the National Institute of Occupational Safety and Health (NIOSH). The emergency standard is for six months and will be replaced by a permanent standard which will be adopted only after full public participation. The benzene standard would primarily affect large chemical and petrochemical firms. Retail gas stations, the largest class of small businesses which use benzene have been excluded from the emergency standard. In addition, agriculture and small businesses which use solvents and other mixtures containing less than 1% benzene, will be exempted. The emergency standard will provide protection for 150,000 employees. The effected employers will have 20 days to comply with this standard. The economic cost of the emergency standard is estimated to be \$40 million. I support the recommendation of OSHA to issue the emergency temporary standard. I will not take final action, however, without hearing from you. *ok*

EMPLOYMENT AND TRAINING--ECONOMIC STIMULUS PACKAGE

On April 21, my staff met with Hamilton Jordan and his staff to discuss the status of jobs and training programs. My staff relayed word that many local prime sponsors were wondering about the strength of the Administration's commitment to public service jobs. This local uneasiness

THE WHITE HOUSE
WASHINGTON

April 25, 1977

Secretary Marshall -

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Occupational Safety & Health
Administration and
Economic Impact Statements

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has been caused by the slow pace of Congressional action on the Economic Stimulus Package and the decision to abandon the tax rebate. The participants at the meeting agreed that the Administration should make every effort to reassure the local prime sponsors and speed-up Congressional action.

ECONOMIC IMPACT STATEMENTS

The Labor Department has expressed concern about proposed Economic Policy Group (EPG) procedures for determining the economic impact of government actions. These concerns were expressed in an April 18 memo which Under Secretary Robert Brown sent to the relevant EPG subcommittee. It is our position that the proposed EPG procedures will cause unnecessary and additional delays in issuing regulations. Since agencies like OSHA have been widely criticized for how slowly they issue regulations, this is a serious problem. As you know, the Labor Department already has a number of internal procedures to calculate the economic impact of its regulations. Our alternative proposal has two parts. We recommend that the EPG limit its review process to major proposals. And, we propose that the EPG review process be shortened and be integrated with each agency's own internal reviews. *ok*

LABOR MANAGEMENT SERVICES--EAST COAST LONGSHOREMEN

As you know, the five-day strike against seven major shipping lines ended on April 19. As part of our efforts to end the strike, the Labor Department offered to help seek a clarification of container handling rules by the National Labor Relations Board and the Federal Maritime Commission. Negotiations between labor and management begin on May 10.

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THE WHITE HOUSE
WASHINGTON

April 25, 1977

Secretary Blumenthal -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Federal Alcoholic
Beverage Laws



THE PRESIDENT HAS SEEN.

FYI

THE SECRETARY OF THE TREASURY

WASHINGTON 20220

1977 APR 22 PM 12 32

April 22, 1977

MEMORANDUM TO THE PRESIDENT

SUBJECT: Highlights of Treasury Activities

The rebate cancellation had a major and positive effect on Treasury's borrowing needs. We now will experience an increase in cash balances during this April-June quarter of nearly \$5.5 billion, instead of borrowing approximately \$5 billion of new cash. This reduced borrowing need contributed to the sharp improvement in money and bond markets which accompanied the rebate decision.

The Senate Foreign Relations Committee approved the FY 78 IFI authorization bill as reported by the subcommittee after adopting an amendment providing \$150 million for the African Development Fund. The Committee also approved a modified Humphrey-Case human rights provision and a substantially softened palm oil/citrus fruit amendment. A letter from you regarding the Humphrey-Case proposal was made part of the hearings record. Although it must reach the Senate floor by May 15, the bill will not be reported out immediately, giving the Administration time to clarify its position on human rights.

The House Banking Committee abruptly scheduled hearings for April 25 on the "Consumer Co-op Bank Bill." We have met with other agencies and OMB in efforts to formulate an Administration position. The Bill proposes that \$1 billion be appropriated over 4 years to provide equity capital for a bank to lend solely to consumer cooperatives.

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THE WHITE HOUSE
WASHINGTON

April 25, 1977

Secretary Blumenthal -

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

Re: Federal Alcoholic
Beverage Laws

Treasury would like to either: (a) flatly oppose it; or (b) support only a pilot project approach including very small budget appropriations. We doubt that co-ops are discriminated against by private lenders and don't want to create another Federal entity.

The Group of Ten major financial countries agreed last Saturday to provide about \$440 million to help finance the new IMF stabilization agreement with Italy. The Group then discussed the need for new international financial arrangements, agreeing that the resources of the IMF should be expanded. We and the other industrial countries are still awaiting a response from Saudi Arabia to the IMF request that it contribute about \$4.5 billion to a \$16 billion expansion of IMF resources; the United States share in such a package would be around \$3 billion.

On Thursday and Friday of next week the "Interim Committee" -- Finance Ministers -- of the International Monetary Fund will meet in Washington to discuss the need for additional IMF resources, including the possible establishment of a major new borrowing facility by the IMF with participation by the major oil producing countries and the strongest developed nations; a further quota increase; and the possibility of additional allocations of Special Drawing Rights. I will be in Paris this weekend for very private discussions of these issues with the Finance Ministers of France, Germany, Japan and the United Kingdom.

I have been discussing with Bert Lance the appropriate public estimate to be given of the projected spending under-run. In addition, at your request, staffs of Treasury and OMB have been meeting with staffs of Congress to discuss problems relating to our methods of revenue estimation.

Action by the Bureau of Alcohol, Tobacco and Firearms to correct circumvention of Federal alcoholic beverage laws by private clubs in Oklahoma was the subject of sharp criticism by Chairman Tom Steed of Oklahoma when Bert Lance testified at OMB appropriation hearings on April 19, 1977. Oklahoma law prohibits the sale of liquor by the drink but permits private club members to consume their own alcohol on club premises. ATF discovered that many of these clubs are, in fact, operating as bars and selling drinks openly. Notices sent to Oklahoma retailers and clubs advising them of their occupational tax liability under Federal law brought widespread, critical press coverage in Oklahoma.

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IRS has reported the elimination of eight tax forms which should save the public approximately 1,377,000 workhours.

Vice-President Mondale signed up for Payroll Savings on Monday, April 18.

I met this week with Harrison Wellford, who is working on the government reorganization project under Bert Lance. He informed me that Dr. Peter Bourne of your staff is interested in taking the lead on an interagency review of border patrol functions. My staff tells me that work on this project is proceeding. I warned Mr. Wellford that there is some danger in having this review led by an agency whose primary concern is drug control, which is only one of the issues involved in our border patrol efforts.

WMB

W. Michael Blumenthal

*in force
the
law*

THE WHITE HOUSE
WASHINGTON

April 25, 1977

Jack Watson -

The attached was returned in
the President's outbox. Please
convey President's comments to
Brock Adams.

Rick Hutcheson

cc: Stu Eizenstat
Tim Kraft (see page 2)

Re: Miscellaneous Cabinet
Items

On 5/16 Jack Watson's office (Hail)
said letter to Brock
Adams will be down in
a day or two

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 24, 1977

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson *Jack*

SUBJECT: MISCELLANEOUS ITEMS

(1) Attached is a brief report by Jim Schlesinger
on the public participation outreach effort for development
of the national comprehensive energy plan. Attached to Jim's
report was a several-hundred page loose-leaf notebook out-
lining the results of the public participation. Although the
report is interesting, I do not think it is necessary for you
to read it unless you would particularly like to do so.

* * * * *

(2) Juanita Kreps wrote you a letter calling your
attention to the biennial Paris Air Show which will take place
in Paris from June 2nd through 12th this year. The Air Show
plans to commemorate the 50th anniversary of Lindbergh's
flight through the display of Lindbergh memorabilia and a
film presentation. They also plan to have a number of Franco-
American events, including a special commemorative day on June
4, during which there will be a large reception and the publi-
cation of a "first-day" issue of a Charles Lindbergh stamp.
Juanita suggests that you appoint a special Presidential
representative to the exhibition and offered to provide you
with additional background material, as necessary.

In circulating Juanita's letter for comment, Brock
Adams said that he would like to be your representative to
the Paris Air Show; both the State Department and the Treasury
concur with Brock's designation. The State Department pointed
out that designating the Secretary of Transportation as the
President's representative for the Air Show would avoid confu-
sion that has occasionally occurred in the past when a Presi-
dential representative and the Secretary of Transportation
have been present, with the result that there was some difficulty
in deciding which one should be treated as the more senior U. S.
transportation official. *ok*

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You should also know that the President has also appointed for past Air Shows, in addition to his official representative, a small group of persons as a party of representatives. These additional representatives sometimes included members of Congress. If you would like to follow that practice, I can check with Frank Moore as to who should be appointed. I also suggest that, because of the Lindbergh commemoration, you consider appointing Anne Morrow Lindbergh to the delegation. ← OK

* * * * *

(3) Ray Marshall called to report that he talked with John Dent on the Administration's minimum wage proposal and that he expects to have a report back from Dent on Monday. Dent was scheduled to talk with AFL-CIO leaders on Friday about possible compromises. Ray expects that the AFL-CIO will not go below a \$2.75 minimum wage. He thinks that Dent would like to go with a \$2.65 compromise, with indexing at 55 percent beginning July 1, 1978.

Ray also reported that the Coalition for a Decent Wage (an organization composed of labor, women's rights and civil rights groups) is planning a demonstration at the Department of Labor next Wednesday.

* * * * *

(4) REMINDER - To my knowledge, you have not called Prime Minister Callaghan yet on the U.S./U.K. air rights matter. Would you like for me to arrange for Brock Adams and Alan Boyd to join you for that call during the week of April 25th? Yes

* * * * *

(5) I mentioned to you in a note on Friday a suggestion that we hold regional budget hearings on the FY 79 budget. Attached is a memorandum which I sent to Bert Lance elaborating on the idea somewhat and soliciting his reaction. Bert and I will give you something further on this shortly.

* * * * *

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(6) For your information -

- for the period January 20 through April 14, 1977 you signed 9 major disaster declarations and 15 declarations for emergency assistance, and you turned down 14 applications for either major disaster or emergency assistance;
- the "prospective loss" loan program of the Department of Agriculture under the new drought legislation is now fully formulated and was announced by Bob Bergland last Tuesday;
- regulations for the Department of Interior "water bank" program were published Thursday;
- on Monday, April 25, Secretaries Andrus, Kreps and Bergland, and Administrator Weaver of the SBA will sign a Memorandum of Agreement establishing a Steering Committee for drought area designation. The purpose of the Memorandum of Agreement is to clarify and facilitate interagency implementation of the new drought legislation.

* * * * *

(7) I am working with Jim Schlesinger on formulating a basic speech for the Cabinet members and others on the comprehensive energy plan. We shall have a speech ready this week.

I am also working with Jim on a series of proposals for specific ways in which GSA, the Department of Defense, the Post Office, Veterans Administration and, in fact, all the major departments and agencies, can follow through on your call for effective energy conservation.

* * * * *

(8) I have been meeting regularly with Harrison Wellford and the Under-Secretaries of all the Departments to discuss the whole subject of "federal regional presence."

We are analyzing the FRC's, Title V and Title II Commissions and the Appalachian Regional Commission and developing a set of recommendations on them for your review. As part of our analysis, I have circulated a set of questions and comments to all of the Chairmen; all fifty Governors; the Under Secretaries; and OMB; for their reaction and comment. On May 5 and 6, I am going to Seattle to meet with federal, state and local officials on the subject. On May 11, I am going to Boston for the same purpose; I am considering the possibility of a similar trip to Chicago. We plan to have a set of proposals for your review by Friday, May 20. If you decide to meet with the Western Governors during your trip to California, we will have the proposal virtually complete so that you can discuss it with them then if you choose to do so.

* * * * *

(9) The Cabinet committee on Urban and Regional Development had its first meeting last Thursday and established basic ground rules for its operation.

* * * * *

(10) We shall have a memorandum to you this week regarding a proposed work plan on the subject of federal aid administration. Although the problems in that area are vast and complex, there are some targets of opportunity on which we could move with substantial symbolic and substantive effect.

* * * * *

(11) I am continuing to work closely with Charles Duncan on the subject of military base closings and realignments. Charlie will have a response to you on the Fort Monmouth matter this week, and I anticipate that we shall have an overall proposal for your review by Monday, May 2nd.

* * * * *

(12) On Wednesday, we distributed summaries of the energy plan and related background materials to all 50 governors and to the mayors of all cities with populations over 50,000. We also called about 25 governors and a dozen big city mayors to brief them verbally on the plan.

* * * * *

(13) As you know, the Department of Commerce is taking the lead on the White House Conference on National Balanced Growth, the conference for which is scheduled for next March. HUD is statutorily required to publish an annual report on Urban Growth, and USDA is required to publish a similar report on Rural Development. Both of these reports are due in early 1978.

We have been working with Assistant Secretaries of Commerce, HUD and Agriculture to discuss specific ways in which we can improve the coordination of preparation of those various reports. As a result of our meetings, HUD has agreed to take the lead in conducting ten urban hearings on growth issues, with the Assistant Secretaries of Commerce and Agriculture participating in those sessions. All three departments will collaborate in preparing the agenda for those hearings. The hearings will begin in May and will now be designed to fulfill the urban oriented citizens participation requirements for the reports of all three Departments. Commerce will also conduct hearings in the headquarter cities of the Title V Commissions, with HUD and USDA participating as appropriate. USDA will supplement these regional sessions with small town and rural meetings.

Commerce has agreed to try to move the White House Conference on National Balanced Growth from March to January or early February. By so doing, the Urban Growth and Rural Development reports can be published in February or March, reflecting the conclusions of the White House Conference and satisfying the need for the Conference reports on those subjects.

* * * * *

Attachments

Hussein
4-77

THE WHITE HOUSE
WASHINGTON

Reduce arms

Get Saudi/Iran & long range

Million people → Saudi A.

Bag a threat → Kuwait/Syria

Under that umbrella not under

5 → 4 divisions - no demigra

Reorganized 2/87 →

Iraq (1148) help →

'80 army '83 A force 75E

716 in Kuwait (100) → 60

Long range military plan.

i Saudi's, etc

May defend Kuwait, Syria,
etc against Iraq

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THE WHITE HOUSE
WASHINGTON

We have permanent contacts

*UN 242 defines framework
but further*

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THE WHITE HOUSE
WASHINGTON

4-25-77
Cabinet

- > Budget add-ons previously in
Def - HUD - Ag - held down
- > Labor law reform
- Production of audio-visual
consultants
- > May 2 mtg - Spenders too
- > Summit

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THE WHITE HOUSE
WASHINGTON

- > Portugal/Spain
- > Coal production ^{\$2.8}
- > Hosp cost containment ¹⁹⁸⁰
- > May 2
- ~ Energy legis procedure
- > Budget deficit \downarrow 77/178
- > S. Korea / Phil bases
- > Africa
- > Summit - Persons going
- > H. Rights
- ~ Polls/ Energy <sup>Harris - Hart
Gallup</sup>
- > Export subsidies - Ag/Com
- ~ Drilling rates
- > ZBB
- Advis Com ^{750/1180}
⁻²⁰⁰

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Outline of
NATIONAL LABOR POLICY

I. LEGAL AUTHORITY GOVERNING LABOR RELATIONS

- A. LABOR MANAGEMENT RELATIONS ACT (Taft-Hartley)
- B. RAILWAY LABOR ACT
- C. LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT (Landrum-Griffin)
- D. EXECUTIVE ORDER 11491
- E. STATE AND LOCAL LAW

I. CONTEMPORARY LABOR RELATIONS ISSUES

- A. COVERAGE UNDER LABOR RELATIONS LAWS
 - 1. Agricultural Employment
 - 2. Federal Sector
 - 3. State and Local Sector
- B. EXPEDITED NLRB PROCEDURES
- C. MORE EFFECTIVE SANCTIONS UNDER TAFT-HARTLEY
- D. REPEAL OF SECTION 14(b) OF TAFT-HARTLEY
- E. IMPACT ON WAGES AND PRICES
- F. EMERGENCY DISPUTES
- G. COMMON SITUS PICKETING

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NATIONAL LABOR POLICY

I. LEGAL AUTHORITY GOVERNING LABOR RELATIONS

A. Labor Management Relations Act (Taft-Hartley)

The LMRA is the nation's most important labor relations statute. It covers virtually all private employment. Notable among its exemptions are railroads and airlines, which are covered under the Railway Labor Act; agricultural employment; and smaller employers, which are administratively exempted by the National Labor Relations Board.

The Taft-Hartley Act was enacted in 1947. It absorbed and substantially amended the Wagner Act of 1935, the first comprehensive labor relations statute. Before the Wagner Act, the nation was beset by serious and continuing labor-management strife. Violent acts by both labor and management were common.

A basic cause of these disruptions was the fundamentally unequal bargaining power which existed between labor and management. In the early years of our industrial revolution, both the law and economic conditions were hostile to collective bargaining. In some early cases, efforts to bargain collectively were treated by the courts as criminal conspiracies. Even after the conspiracy theory was expressly outlawed, the power of government was commonly used to suppress strikes, picketing, and other forms of union activity.

Bargaining between individual employees and increasingly large employers commonly led to low wages and harsh working conditions. Workers saw no orderly or legal means for seeking redress of their grievances. Employers saw any efforts to organize workers as a threat to their management prerogatives. For these reasons, organizational activities were commonly accompanied by violence on both sides.

The Wagner Act reflected a consensus that the prevailing rules were one-sided and that continuing labor management strife was not in the best interests of labor,

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management, or the public. Orderly procedures were necessary to resolve industrial disputes. A cornerstone of any such procedure must be the right of workers to organize and bargain collectively.

The Wagner Act established a procedural framework through which the parties themselves could determine matters relating to wages, hours, and working conditions by mutual consent and through the free collective bargaining process. The Wagner Act did not attempt to determine what those conditions must be, although other laws such as our Civil Rights, minimum wage, and occupational safety and health statutes have established some minimum workplace standards.

To achieve its purposes, the Wagner Act, as amended by Taft-Hartley:

1. created a National Labor Relations Board, appointed by the President with the advice and consent of the Senate to administer its various provisions;

2. provided that the Board would determine which groupings of employees, because of their common interests, should be treated as a unit for collective bargaining purposes;

3. established a procedure to determine whether a majority of the employees in a bargaining unit favored the selection of a particular union or any union as the collective bargaining representative of all employees in the unit. In contested cases, the Board conducts elections within the unit. A union selected as the collective bargaining representative has the obligation of representing fairly all employees in the unit whether or not they are union members;

4. set forth various rules by which both unions and employers are bound in their dealings with each other and with employees. Violation of these rules constitutes an unfair labor practice, against which the Board takes appropriate remedial action.

The law sets forth a number of "unfair labor practices." In general, these rules are intended to assure that:

1. employees are free from coercion by unions or employers in deciding whether or not they wish to support or participate in union-related activities or to refrain from such activities. The law provides that employees shall be free from discrimination based upon union membership or activities. It does provide, however, that subject to certain safeguards unions and employers may enter into "union shop" agreements. This matter will be discussed below;

2. employers may not support or dominate a union;

3. unions may not engage in certain activities which injure innocent bystanders to a labor dispute;

4. employers and unions representing employees are obliged to bargain with each other in good faith.

The law does not compel the parties to reach an agreement. It did establish the Federal Mediation and Conciliation Service to assist the parties in resolving their differences. Most disputes are settled without strikes or lockouts. Where a strike or lockout threatens to imperil the national health or safety, the President, through the Attorney General, may seek an 80-day injunction in the courts. In rare cases where such a dispute is not resolved within the 80-day period, special legislation extending the injunction has been enacted by the Congress.

Once the parties reach an agreement, the obligation of enforcing its provisions rests with the parties, through the courts if that should be necessary. Collective bargaining agreements commonly include clauses requiring that disputes over their provisions be submitted to private arbitration. These clauses often avoid costly and protracted court litigation.

B. Railway Labor Act

It is perhaps not surprising that the Railway Labor Act of 1926 predated the Wagner Act. Railroads played an especially vital role in the development of the nation

and they were particularly troubled by labor-management strife. Indeed, for nearly 40 years prior to the enactment of Railway Labor, the Congress enacted a variety of laws designed to deal with disruptive disputes in this industry. In 1936, the law was amended to apply, with some variations, to the newly emerging airline industry.

The basic collective bargaining principles underlying the Wagner Act and Taft-Hartley are also found in the Railway Labor Act, although there are many important differences in the mechanisms by which these principles are implemented. Under Railway Labor, the Government plays a considerably more active role in the resolution of labor-management disputes.

Railway Labor, unlike Taft-Hartley, assumes that all contracts are of indefinite duration. Parties seeking to change existing agreements must provide appropriate notice. Mediation is provided by the National Mediation Board (NMB), which the Act established. If the NMB is unable to resolve a dispute under the procedures prescribed by the Act and if, in the Board's judgment, the dispute threatens to deprive essential transportation services to any section of the country, the NMB must notify the President. The President may then appoint an Emergency Board to investigate the dispute and make appropriate recommendations. The parties are not bound by these recommendations, but they are not free to strike or lockout until the Emergency Board procedures have run their course. In several instances, special laws have been passed by the Congress to delay strikes or lockouts or to resolve particular disputes.

The Act also establish a National Railroad Adjustment Board and provides for the establishment of airline adjustment boards to resolve disputes over the terms of existing collective bargaining agreements.

C. Labor-Management Reporting and Disclosure Act (Landrum-Griffin)

Because of the growth of labor unions and concern over some abuses by certain union officials, Congress passed the Landrum-Griffin Act in 1959. That law established a "Bill of Rights" for union members which is

enforceable by the members in the Federal courts. Further, it gave to the Department of Labor the authority to administer provisions dealing with: (1) reporting and disclosure by unions, their officials, employers and labor relations consultants; (2) the prevention of abuses in union trusteeships; (3) standards for ensuring fair union elections; and (4) certain fiduciary safeguards for labor unions.

D. Executive Order 11491, as Amended

This Order governs collective bargaining in the Federal sector. With the exception of agencies such as the CIA, FBI, and State Department, most Federal agencies are required to bargain with labor organizations representing their civilian employees. Agencies such as the Postal Service are subject to special bargaining requirements and are not subject to the Order. Two major differences between private and Federal sector bargaining are that Federal employees do not have the right to strike and that the scope of issues which are subject to bargaining is considerably narrower than in the private sector. Subjects which are removed from bargaining under the Order are pay and various personnel practices and procedures which are established by law or regulation. The Order also lists certain management rights which are not subject to bargaining.

Under the Order, the Assistant Secretary of Labor for Labor-Management Relations decides unit questions, supervises elections, and handles unfair labor practice charges. The Assistant Secretary's decisions are appealable to the Federal Labor Relations Council (FLRC), which is composed of the Secretary of Labor, Chairman of the Civil Service Commission, and Director of OMB. FLRC oversees the overall administration of the program.

Where the parties cannot reach agreement, the Federal Mediation and Conciliation Service seeks to mediate the dispute. If these efforts are unsuccessful, the Federal Service Impasse Panel attempts additional mediation efforts. The panel has authority to impose a settlement.

E. State and Local Law

The following areas may be governed by state and local law: (1) private employment which is exempt from the Federal labor laws; (2) small businesses which do not meet the jurisdictional tests established by the NLRB and are therefore not governed by Taft-Hartley; (3) state and local public sector employment; (4) violence incident to all labor disputes occurring within areas subject to state or local police powers.

II. CONTEMPORARY LABOR RELATIONS ISSUES

Debate over labor relations policies have traditionally aroused controversies which have often clouded the real issues. In resolving these issues, it is important to bear in mind the following:

1. Government policy must be designed to preserve the present reliance on the economic forces of the market place to resolve labor-management disputes through free collective bargaining and through voluntary cooperation by labor and management. Needless governmental intrusion must be avoided.

2. Labor represents a substantial segment of our citizens. It is appropriate that careful attention be given to their views as expressed through democratic processes.

What follows is a brief description of some of the major issues affecting labor relations.

A. Coverage Under Labor Relations Laws

1. Agricultural employment.

Agricultural employment is currently exempt from Taft-Hartley. In recent years there has been growing labor-management controversy in the agricultural sector. Disputes have led to boycotts and work stoppages. There has also been a growing recognition that labor relations laws can provide useful mechanisms for the peaceful resolution of disputes. California, a state which has been

particularly beset by such disputes, has enacted its own law covering agricultural employment. Debate concerning coverage of agriculture under uniform national legislation can be expected to increase.

2. Federal Sector.

Federal civilian employment is, generally speaking, covered under the Executive Order program. Bills have been introduced to give this program a statutory basis. Proponents believe that legislation will avoid the possibility of unilateral changes in the program by "management." It has also been proposed that the Federal Labor Relations Council be replaced by an independent statutory authority. FLRC, which is intended to be an impartial arbiter, is seen as representing the interests of "management." Various proposals would expand the scope of bargainable issues, provide union security arrangements for collective bargaining representatives, relax the prohibitions on the right to strike and mandate binding arbitration of grievances. In general, these proposals are intended to provide rights in the Federal sector which are parallel to those found in the private sector. Finally, it should be noted that the establishment of an all volunteer military has been followed by increasing union efforts to enlist members of the military in its ranks. Legislation has been proposed to prohibit union membership for members of the armed forces.

3. State and Local Sector.

State and local employment is covered, if at all, by state and local laws. These laws vary substantially. Strikes are commonly, though not universally, prohibited. Compulsory arbitration of disputes exists in some instances. Increasing union activity in the public sector has led to proposals to impose Federal standards on state and local public sector labor relations. The issue is complicated by the recent National League of Cities case in which the Supreme Court held that the application of Federal minimum wage and overtime laws to state and local employment was unconstitutional.

B. Expedited NLRB Procedures

In recent years there have been complaints concerning delays in the conduct of elections under Taft-Hartley to select collective bargaining representatives and delays in processing unfair labor practice charges. Delays are seen as eroding the basic protections of the statute. Proposals have been introduced to reduce these delays by establishing statutory time limits for the conduct of elections, eliminating some elections where clear employee support is demonstrated through other means, delegating some of the NLRB's decisionmaking authority to administrative law judges and by facilitating court enforcement in unfair labor practice cases.

C. More Effective Sanctions Under Taft-Hartley

It has been asserted that some of Taft-Hartley's present sanctions are not now sufficient to deter unfair labor practice violations. Proposals have been introduced to increase its sanctions in certain areas. One such proposal is to deny Federal contracts to willful and flagrant violators and those engaging in a pattern or practice of violations. It is argued that Federal funds ought not to be used to support those who fail to comply with this Nation's basic labor policies.

D. Repeal of Section 14(b) of Taft-Hartley

As indicated above, employers are now prohibited from discharging any employee because of union membership or activity. The law, however, expressly allows employers and unions under certain conditions to enter into "union shop" agreements which require union membership after 30 days on the job. It should be emphasized that under a union shop agreement, an employee is not required to engage in or to support any union activities. The employee need only tender the appropriate dues and fees to the union.

Proponents of the union shop note that under the law, a collective bargaining representative is required to represent fairly all employees in the bargaining unit,

whether or not they are union members. They argue that all employees in the unit should therefore be required to pay the costs of bargaining.

While the law allows union shop and similar agreements, section 14(b) permits states to pass laws prohibiting them. These laws are commonly called "Right to Work" laws. Section 14(b) is the only provision in the Act which allows states to vary the substantive provisions of the law. Its repeal has been the subject of intense debate for many years.

E. Impact of Labor Relations on Wages and Prices

In a period of inflationary pressures, concern is sometimes expressed about wage increases which result from collective bargaining. In reflecting upon these expressed concerns, it is important to recall how effective free collective bargaining has been over the years in resolving a vast multiplicity of highly complex issues. These are issues which would have been beyond the capacity of the government to resolve on a fair and equitable basis. The proper role of government is to encourage voluntary labor-management cooperation in the achievement of responsible labor relations policies. Towards this end, the creation of labor-management committees in particular industries would be a useful device.

F. Emergency Disputes

Legislation to make fundamental changes in emergency dispute procedures of current law has not been seriously pursued for several years. Proposals have been introduced, however, to deal with transportation disputes affecting Hawaii.

G. Common Situs Picketing

Common situs picketing is one of the most durable labor relations issues. Following its defeat in the House of Representatives this spring, however, it is not currently under active consideration by the Congress.

THE WHITE HOUSE
WASHINGTON

April 25, 1977

The Vice President:

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: District Task Force

cc Bunny Mitchell



OFFICE OF THE VICE PRESIDENT
WASHINGTON

TO: THE PRESIDENT THE PRESIDENT HAS SEEN.
FROM: THE VICE PRESIDENT *UH*
RE: DISTRICT TASK FORCE
DATE: APRIL 12, 1977

Following up on our previous conversations, I have investigated ways to structure a Task Force on the District in a manner which would best achieve our principal objectives. Our broad purpose is to develop a comprehensive plan of action on problems involving the Federal-District relationships. Our other objectives are to structure the Task Force in a way that allows the Executive Branch to bring specific focus to the discussion of issues, avoid confrontation with Congressional and District officials, and provide Executive Branch representatives with maximum flexibility to make objective recommendations to you for decision-making without becoming "locked" into Task Force positions.

Toward those objectives, I propose that the Task Force be small (thirteen permanent members and myself) and composed only of representatives from the Congress and District Government with the Executive Branch having "ex officio" representation in the form of a working group. That working group would set the agenda of issues to be discussed, work with the Congressional and District representatives to receive their views and proposals on these issues, and then review and adjust the proposals before transmitting recommendations to you for decision.

As to Task Force membership, I recommend that the members be:

A. Congressional Members

1. Chairman Diggs of the House District Committee
2. Congressman McKinney, Ranking House District Republican
3. Chairman Eagleton of the Senate District Subcommittee
4. Senator Mathias, Ranking Senate District Republican
5. Delegate Fauntroy of the District
6. Congressman Natcher, Chairman House Appropriations District Subcommittee
7. Senator Leahy, Chairman Senate Appropriations District Subcommittee

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B. District Government Members

8. Mayor Washington
9. Council Chairman Tucker

C. Executive Branch Ex Officio Members

10. Vice President Mondale (Task Force Chairman)
11. Bunny Mitchell, Presidential Staff
12. Jim Dyke, Vice Presidential Staff
13. Kurt Schmoke, Domestic Council
14. Peter Fannon, OMB

In the event of substantial Congressional and District government insistence on a larger working body, the size could be expanded since their function is limited to submitting proposals to the Executive Branch representatives. I would strongly urge, however, that every attempt be made to keep the Task Force limited in size. Other Congressmen, Executive Branch officials, District officials and citizens can provide input on an "as needed" basis using either written or oral presentations.

On procedure, my suggestion is that I convene the first meeting of the Task Force with Bunny Mitchell to chair subsequent meetings. I will monitor the subsequent sessions and be available to participate on those occasions where my presence would facilitate the group's progress. At the first session, I will offer a proposed agenda of short and long-term issues for consideration with appropriate time frames for deliberation. It would be stated at the outset that proposals or positions taken by the various bodies during the proceedings would in no way predetermine Presidential decision-making.

With respect to timing, we would work to have recommendations on the short-term issues to you for decision in time to be included in the legislative and budget package for FY'79 (September). Discussion of long-term issues such as whether the City should be an urban model and long-range development questions can be deferred until the short-term issues are resolved. Among the high-priority short-term issues that could be considered are a review of the Federal payment formula, changes in procedures for local planning and land use, funding of local police, fireman and teacher pension funds, and Congressional voting representation for the District.

My role, as mentioned above, will be to convene the first meeting, set forth the purposes and agenda for the Task Force, monitor the group's progress, and lead the Executive Branch

working group in reviewing Congressional and District proposals in order to formulate recommendations for your decision. These recommendations will be submitted to you in one package following discussion of the short-term issues.

Please advise if this approach is consistent with your objectives for the Task Force.

Yes ☒
Comment _____

*fr 13 -
Give Bunny
enough help/support
when she takes over -
J.*

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THE WHITE HOUSE
WASHINGTON

Date: April 20, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza
Stu Eizenstat - *attached concur. plus additonal comment*
Frank Moore
Jack Watson *concur*
Bunny Mitchell *concur*

FOR INFORMATION: Hamilton Jordan *concur*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: The Vice President memo 4/12/77 re District Task Force.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 2:00 P.M.

DAY: Friday

DATE: April 22, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



OFFICE OF THE VICE PRESIDENT
WASHINGTON

TO: THE PRESIDENT

FROM: THE VICE PRESIDENT *W*

RE: DISTRICT TASK FORCE

DATE: APRIL 12, 1977

Following up on our previous conversations, I have investigated ways to structure a Task Force on the District in a manner which would best achieve our principal objectives. Our broad purpose is to develop a comprehensive plan of action on problems involving the Federal-District relationships. Our other objectives are to structure the Task Force in a way that allows the Executive Branch to bring specific focus to the discussion of issues, avoid confrontation with Congressional and District officials, and provide Executive Branch representatives with maximum flexibility to make objective recommendations to you for decision-making without becoming "locked" into Task Force positions.

Toward those objectives, I propose that the Task Force be small (thirteen permanent members and myself) and composed only of representatives from the Congress and District Government with the Executive Branch having "ex officio" representation in the form of a working group. That working group would set the agenda of issues to be discussed, work with the Congressional and District representatives to receive their views and proposals on these issues, and then review and adjust the proposals before transmitting recommendations to you for decision.

As to Task Force membership, I recommend that the members be:

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6. Congressman Natcher, Chairman House Appropriations District Subcommittee
7. Senator Leahy, Chairman Senate Appropriations District Subcommittee

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8. Mayor Washington
9. Council Chairman Tucker

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10. Vice President Mondale (Task Force Chairman)
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12. Jim Dyke, Vice Presidential Staff
13. Kurt Schmoke, Domestic Council
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In the event of substantial Congressional and District government insistence on a larger working body, the size could be expanded since their function is limited to submitting proposals to the Executive Branch representatives. I would strongly urge, however, that every attempt be made to keep the Task Force limited in size. Other Congressmen, Executive Branch officials, District officials and citizens can provide input on an "as needed" basis using either written or oral presentations.

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My role, as mentioned above, will be to convene the first meeting, set forth the purposes and agenda for the Task Force, monitor the group's progress, and lead the Executive Branch

working group in reviewing Congressional and District proposals in order to formulate recommendations for your decision. These recommendations will be submitted to you in one package following discussion of the short-term issues.

Please advise if this approach is consistent with your objectives for the Task Force.

Yes _____

Comment _____

MEMORANDUM

Date: April 20, 1977

FOR ACTION:

Midge Costanza
Stu Eizenstat
Frank Moore
Jack Watson
Bunny Mitchell

FOR INFORMATION: Hamilton Jordan ✓

*MALIC
Are Costanza?*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: The Vice President memo 4/12/77 re District
Task Force.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 2:00 P.M.

DAY: Friday

DATE: April 22, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

Please note other comments below:

Serl

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone. 7052)

MEMORANDUM

Date: April 20, 1977

FOR ACTION:

Midge Costanza
Stu Eizenstat
Frank Moore
Jack Watson
Bunny Mitchell ✓

FOR INFORMATION: Hamilton Jordan

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: The Vice President memo 4/12/77 re District
Task Force.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 2:00 P.M.

DAY: Friday

DATE: April 22, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone. 7052)

THE WHITE HOUSE
WASHINGTON

April 22, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *SE*
SUBJECT: The Vice President's memo
re: District of Columbia
Task Force

I concur with the approach taken by the Vice President concerning the composition and the goals of the Task Force on the District of Columbia. He proposes a small group of 13 permanent members composed of representatives from Congress (7) and the District government (Mayor and City Council President), with the Executive Branch having ex officio representation in the form of a working group (4). The Vice President will chair the first meeting, at which time he will explain that the primary purpose of the Task Force is to develop options for Presidential action. He will explain that Presidential decisionmaking will not be predetermined by Task Force positions.

The D.C. representatives may come under pressure to urge expansion of the District's membership on the Task Force. ~~Every effort will be made to assure District officials and citizens that opportunities for substantial input by them will be available.~~ However, should membership on the Task Force become a heated local political issue, I suggest that we not intervene but take the position that any membership decided upon by D.C. officials will be acceptable to us.

HJ
JAC
Bum

THE WHITE HOUSE
WASHINGTON

Mr. President:

Hamilton, Jack, Bunny Mitchell
and Stu concur. Stu adds:

"The D.C. representatives may come under pressure to urge expansion of the District's membership on the Task Force... Should membership on the Task Force become a heated local political issue, I suggest that we not intervene, but take the position that any membership decided upon by D.C. officials will be acceptable to us."

---Rick

THE WHITE HOUSE
WASHINGTON

April 25, 1977

Stu Eizenstat

The attached was returned in
the President's outbox and is
forwarded to you for your infor-
mation.

Rick Hutcheson

Re: Summary of Committee Print
of S. 826 Dept. of Energy
Legislation

THE WHITE HOUSE
WASHINGTON

7PC → En Reg Bd
Rulemaking - ERB involve
staff substitute
FEA rulings → court
"substantial evidence"
Energy Planning Bd to
replace Secretary

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April 25, 1977

MEMORANDUM

TO: The President

FROM: Senator Abe Ribicoff

RE: Proposed Department of Energy Legislation

1. All of the major elements of the Administration's Department of Energy bill have been adopted in this bill. These elements include:

- Creation of a consolidated, cabinet-level Department of Energy;
- Abolition of ERDA, FEA and FPC and complete merger of these agencies;
- Transfer to the Department of numerous functions from the Department of the Interior, HUD, ICC, Commerce, and DOT as requested;
- Allocation of leasing responsibilities between the Department of Energy and the Interior Department, with the primary responsibility for setting leasing production goals assigned to the Energy Department;
- Responsibility for all FEA rule-making, including oil pricing and oil allocation, assigned to the Secretary of Energy; and,
- Internal Departmental structure, Assistant Secretaries, and Administrations as provided in original bill.

2. The following additional powers and responsibilities have been assigned to the Department of Energy in this bill:

- Complete responsibility for promulgating building conservation standards (from HUD), and authority to oversee implementation of these standards;
- Complete responsibility for promulgating new auto efficiency standards (from DOT);
- Lead role with respect to international energy policy, as it relates to questions of energy supply and conservation; and
- Enhanced powers and responsibilities for collecting and analyzing energy information and data, including expanded subpoena powers.

3. The one area where we have imposed any limitation on the Secretary's powers is with respect to natural gas pricing. Gas pricing has always been handled by a multi-member board, and is handled that way now by all 50 states, in addition to the federal government. Testimony at the hearings repeatedly expressed concerns about vesting this power totally in one individual, with no provision for others to participate in the decision-making process.

The bill provides for gas pricing decisions to be heard by an impartial 3-man hearings board which is appointed by the President (as in the Administration's bill). The bill provides that the board may proceed by rule-making in such cases, rather than adjudication. The Secretary will initiate the rule-making, and can compel the Board to act on any

proposed price. It will be required to act within any deadlines set by the Secretary.

The Board will receive comments by all interested parties in an oral hearing, and following the hearing, make its recommendation on price to the Secretary. But the price will only take effect if the Secretary concurs with it.

The bill thus provides that the Secretary can compel action on any price he proposes, and can prevent any new price which is inconsistent with his policy from taking effect. The mechanism also contains two provisions which will greatly speed up the existing decision-making process: first, it substitutes rule-making for adjudication, which experience shows to be more than twice as fast, and second, it allows the Secretary to impose strict deadlines on the entire price-setting procedure.

BOB MCKINNEY

Comments:

Senator Birch Bayh: "One of the two or three outstanding businessmen in Indiana. He is Jimmy Carter's kind of man. He would be excellent for any type of appointment."

Richard Trotter, President of the Georgia Federal Savings and Loan in Atlanta: "I found nothing but good reports on McKinney's abilities. McKinney is a very successful business man, and his law firm has the highest rating given by Martindale and Hubbard. McKinney and his brother, E. Kirk McKinney, are partners in a number of successful business ventures. McKinney is familiar with the industry, but is not an industry person. McKinney is a good lawyer, and there is a strong feeling in the industry that at least one of the Board members should be a lawyer. The last lawyer on the Board was Hal Clark from Atlanta. Neither of the two present members are lawyers."

Mayor Richard Hatcher: "He is an excellent person of high moral character and integrity. He knows his business well and is considered a solid business executive. He is an outstanding organizer and extremely hard-working and effective as a manager. McKinney would be an excellent choice."

Jim Beatty, former Democratic County Chairman in Indianapolis: "I have known McKinney for 14-15 years. He is a good Democrat and is highly respected. I have never heard a bad thing about him. He is one of the outstanding people in Indiana."

Gary Davis, Director of United Southside Community Organization, an inner city organization representing 60,000 people in Indianapolis neighborhoods: "McKinney gets a very high rating. Community Action Against Poverty in Greater Indianapolis (funds community action programs and represents grass roots feelings) says that he would be good for the job. He would be sympathetic to the problems of the poor and would be willing to listen. He is felt to be one of the more liberal prominent business people."

Bert Lance, "I have called around and am convinced that McKinney is the outstanding candidate for Chairman. He is much better than Jackson and politically this would help us with a lot of folks that were early supporters of the President."

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PERSONAL

Born - Indianapolis, Indiana, November 7, 1925
Married - five children, ages 9, 15, 19, 20 and 22
Health - excellent, no limitations

EDUCATION

Shortridge High School, Indianapolis, Indiana, 1942.
U. S. Naval Academy, Annapolis, Maryland - Bachelor of Science, 1944
Indiana University School of Law - Doctor of Jurisprudence, 1951.
U. S. School of Naval Justice, 1952.
Honorary Doctorate of Laws, Marian College, 1976.

PROFESSION AND BUSINESS

Chairman & Chief Executive Officer - Jefferson Corporation and
Subsidiaries: Adhesive Engineering Company, American
Precast Concrete, Inc., Burnside, Inc., Jefferson
Aggregate Transport, Inc., Jefferson Concrete Company,
Jefferson National Life Insurance Company, Jefferson
Sand and Gravel, Inc., Kokomo Ready Mixed Concrete
Corporation, Ready Mixed Concrete Company, and Span-
Deck of Indiana.
Chairman of the First Federal Savings and Loan Association,
Indianapolis, Indiana
Senior Partner - Bose, McKinney & Evans, Attorneys at Law.

OTHER PRINCIPAL AFFILIATIONS

Trustee - Marian College, Indianapolis, Indiana, Chairman -
Finance Committee.
Trustee - Children's Museum of Indianapolis.
Trustee - Community Hospital of Indianapolis.
Director - Indiana State Chamber of Commerce.
Director - Various Business Corporations, publicly and privately
held.
Member - American, Indiana and Indianapolis Bar Associations,
Association of Life Insurance Counsel.

PRINCIPAL POLITICAL ACTIVITIES

1976 - Chairman, Indiana Jimmy Carter for President Committee
(Primary and General Elections) - Carter Caucus Chairman,
Indiana Delegation, Democratic National Convention.
1972 - Indiana Chairman, Muskie for President Committee, Coordi-
nator at Democratic National Convention.
1964 - 1968 -- Legal Counsel to Governor of Indiana, and on vari-
ous political committees.
1960 - Chairman, Indiana Kennedy for President General Election
Activities.

MILITARY SERVICE

Pacific Theatre, World War II and Korean War. Duty on de-
stroyers, sub-chaser, and tanker; Base Legal Officer; Defense
and Trial Counsel; "Q" Clearance.

PRINCIPAL PREVIOUS ACTIVITIES

International Economic Education Chairman and Lecturer on
Business Planning and Organization, Young Presidents'
Organization, Inc.
Director, Secretary and Treasurer, Indiana Toll Road Commission.
Director, State of Indiana Capital Improvements Board.
Director, Indiana Bar Title Insurance Corporation.
Vice President and Director, Central Indiana Council of Boy
Scouts of America.
Treasurer and Director, Community Service Council of Metro-
politan Indianapolis.
Treasurer and Director, Indianapolis Bar Association.
Director and Vice Chairman, Young Lawyers Section, American
Bar Association.
Director, Indianapolis Legal Aid Society.
Director, University Club and Indianapolis Athletic Club.
Chairman and Chief Executive Officer, Hancock County Bank
and Computer Techniques, Inc.
Listed in Who's Who in America and other similar publications.

To Bob Lind

84/25/97

THE WHITE HOUSE
WASHINGTON

Mr. President:

For your signature, the proposed
forward to the printed National
Energy Plan booklets.

Jody has approved the statement.

Rick



THE WHITE HOUSE

WASHINGTON

In each period of our Nation's history we have responded to challenges which have demanded the best in all of us.

This is one of those times.

Our energy crisis is an invisible crisis, which grows steadily worse -- even when it is not in the news. It has taken decades to develop, as our demand for energy has grown much faster than our supply. It will take decades to solve. But we still have time to find answers in a planned, orderly way -- if we define the changes we must make and if we begin now.

This report explains why we have to act, and gives you the details of our plan. The plan is complicated. I am sure that many people will find some feature of it they will dislike along with features they can support. But it is a carefully balanced plan, which depends for its effectiveness on all of its major parts.

Above all it is fair. Our guiding principle, as we developed the plan, was that none of our people should be asked to bear an unfair burden, and none should reap an unfair advantage. There will be sacrifices, but they will be gradual, reasonable -- and fair.

The changes the plan recommends will mean a new direction in American life. In some cases heading in that direction may seem inconvenient. But I have faith that meeting this challenge will make our lives more satisfying.

We can rediscover the ingenuity and the efficiency which has made our Nation prosper, rather than deepening our dependence on insecure imports and increasingly expensive conventional energy supplies. We can rediscover small-scale, more creative ways of satisfying our needs. If we are successful, we can protect jobs, the environment, the basic American standard of living, not only for ourselves but also for our children and grandchildren.

I know that if we work together as a united people, we will succeed.

X *Jimmy Carter*

EXECUTIVE OFFICE OF THE PRESIDENT
ENERGY POLICY AND PLANNING
WASHINGTON, D.C. 20500

April 22, 1977

MEMO TO BOB LINDER

FROM: JAMES BISHOP, JR.

Attached is the introductory statement to
the National Energy Plan to be signed by
President Carter.

This has been approved by the President.

James Bishop, Jr.

THE WHITE HOUSE
WASHINGTON

4-25-77

To: Tim

Give me a quick
report on how guests
in my Kennedy Center
box are chosen &
who they have been to
for.

J

THE WHITE HOUSE
WASHINGTON
April 25, 1977

James Schlesinger

The attached letter from Aubrey J. Wagner, Chairman of the Board of Tennessee Valley Authority is referred to you for acknowledgement. Thanks.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON
April 25, 1977

Central Files

The original of the attached letter was forwarded to James Schlesinger for acknowledgement. The attached copy is for your files.

Sharon Lewis
Rick Hutcheson's
office, Staff Sec.

TENNESSEE VALLEY AUTHORITY
KNOXVILLE, TENNESSEE 37902

The President - 2

April 22, 1977

OFFICE OF THE BOARD OF DIRECTORS

April 22, 1977

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Your request for TVA's help in dealing with the energy crisis both in your letter of April 15 and in your energy message on April 20 has given the entire TVA organization a real lift. We are glad to help in any and every way we can.

Primarily, of course, we can be most useful in using the TVA power system as a testing ground for any problem that faces the electric generating industry or that can be solved through the use of the electric generating industry.

We can also contribute in other ways such as the ammonia-from-coal project we are undertaking to serve our fertilizer plant. Another example is our most successful vanpooling program, which we were able to demonstrate because we are a large organization with considerable flexibility and administrative freedom. Further, because TVA power is distributed ultimately to residential and to most industrial and commercial consumers through 160 municipalities and electrical cooperatives, we have a system of local organizations and local ties which can be useful in many ways.

I am enclosing a very preliminary and tentative response to the points outlined in your April 15 letter. We will be looking further into these matters starting immediately. I assume you would want us to work with Dr. Schlesinger and his staff on these and related problems.

Responding to your request for other suggestions, I have these preliminary thoughts:

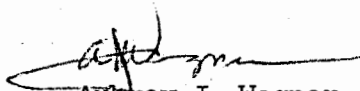
- o Considering that one of our primary problems is to find ways to ease the burden of increasing utility bills on low-income families, consideration might be given to

making energy stamps available to families certified by the appropriate social welfare agency as being low-income but only if their homes have first been weatherproofed in approved fashion. This would promote conservation at the same time it tackles and administers the problems for what it is: low-income.

- o A second suggestion which would especially help low-income families is that utilities should make available levelized or budget billing so that payments are equalized each month. Twenty-six of TVA's 160 power distributors now have budget billing and we are trying to persuade all of them to institute it. Encouragement from the White House would help nationwide I am sure.
- o Considering the importance, which you have noted, of shortening schedules for light-water reactors, we would be glad to work with the Nuclear Regulatory Commission to help find ways to speed the licensing process. We are already working with the General Electric Company on their STRIDE package which is a standardization of boiling-water reactors. That should help, and I believe our people will have other suggestions as well.

Again, let me say how glad we are to be called on to help solve the national energy crisis. We fully agree that it is the most important problem facing us as a Nation, outside of war, in our lifetime.

Sincerely,


Aubrey J. Wagner
Chairman of the Board

Enclosure

PRELIMINARY RESPONSES TO THE PRESIDENT'S
PROPOSALS FOR TVA PARTICIPATION IN SOLVING
THE NATIONAL ENERGY PROBLEMS

Assistance in Private Home Weatherization

Information concerning TVA's program and its impacts can be made known to other utilities by a number of methods, possibly including contacts through the Edison Electric Institute. The President's endorsement of home weatherization will, of course, stir interest among utilities generally and make the transfer of information easier.

At the present time, we believe that a straight, interest-free loan program will do the job for us, and we would prefer to use private insulation contractors as chosen by the homeowners. Also we see merit in having the homeowners perform some of the weatherproofing operations themselves since it will get them personally involved in a conservation effort.

TVA's program will undoubtedly change and evolve as it proceeds, and we may have to revise present approaches. But that is the merit of TVA as a testing ground.

Our aim is to weatherize all homes in the region that require it but as we have advised Dr. Schlesinger, we may need some help with homes that are not heated by electricity. We could not, for example, use our electric power revenues to insulate homes heated by gas or oil. I am confident we can work this out.

Rate Design

Because rate design is extremely complex, we will want to study this further before proposing actions beyond those which we are already taking but we would welcome suggestions.

Waste Heat Utilization

TVA has looked into the possibilities of cogeneration to some extent. But thus far the capacity we have been able to build has all been required to meet electrical loads and the diversion of any steam for other purposes would have reduced total efficiency. However, we would like to look further at possibilities for cogeneration in new plants designed specifically for that purpose. We are currently reviewing possible cogeneration in plants using municipal refuse as fuel.

The problem with waste heat utilization is a difficult one and our efforts so far have been concentrated primarily on the use of that heat in greenhouses for the production of truck crops and for experiments in catfish production. We will consider what further programs we might undertake to use waste heat.

Power Pooling

TVA has worked closely for many years with the leadership of other electric utilities, particularly in the eastern United States, on system interconnections. Those avenues can be used to explore the opportunities for further efficiency improvements particularly through the Electric Reliability Councils that have been established in the several sections of the Nation.

Reserve Requirements

This question requires further study on our part.

Coal Cleaning

TVA is currently designing and will build the largest coal-washing plant in the Nation. It can, to the extent necessary, be used as a demonstration for others. We will also be glad to look further at cooperative or other arrangements for developing improved techniques and the provision of additional coal-cleaning services.

Coal Mining Technology

TVA owns some coal reserves which are mined for us under contract. We are trying to acquire others. To the extent that conditions in our holdings will accommodate long-wall mining or other improvements in mine production and safety, we can and will be glad to undertake them on a demonstration basis. We have been doing this sort of thing for decades in surface mining, where we have tested and demonstrated new reclamation techniques.

We presently have a demonstration orphan mine reclamation program in cooperation with four states. Our experience to date indicates that the actual cost of quality reclamation is much less than some opponents of Federal strip mine legislation have suggested.

TVA is very much interested in making more use of eastern coal, not only because of its effect on the economy of our region, but also because it does not make sense in our judgment to use scarce diesel fuel oil to haul low-sulfur western coal into the heart of the coal-producing region east of the Mississippi. Accordingly, we are pushing research on sulfur dioxide scrubbers and building one and planning another on 500-megawatt units. We are designing a 200-megawatt fluidized-bed combustion plant and we are supporting research in coal gasification and other technologies for utilizing high-sulfur coal. We can, of course, do as much in this field as is required of us.

One real problem in trying to use eastern coal is the failure to make allowance for specific circumstances at older power plants in the application of EPA source emission requirements. For example, the market for east Tennessee's medium sulfur coal is being disrupted because TVA cannot continue to burn that coal in Kingston Steam Plant--even though that would meet ambient standards for sulfur dioxide with the present 1,000-foot stacks.

Solar

TVA could help in developing, financing, and promoting solar heating and cooling. We are now considering a broad solar program plan which would demonstrate a number of options in solar heating and cooling technology. On the basis of these demonstrations and an analysis of regional needs, we would then propose to begin in an aggressive program to help consumers implement the most practical technology. We believe the most immediate commercialization efforts should be in solar-assisted water and space heating technology. At the present our direct active involvement in solar applications is limited to a few test installations on TVA buildings and to an ERDA-University of Tennessee-TVA residential project.

TVA's plan also includes the analysis and demonstration of the most effective way to use solar energy in agriculture. The application of biomass techniques is part of this. The large amount of timber growth in the southeast provides an opportunity to promote the use of wood in certain applications.

Fluidized-Bed Boilers

Since our discussion, we have talked with three companies that are preparing alternate designs for our fluidized-bed boilers to determine how it can be sped up and they believe that there are ways that might cut as much as 18 months from the demonstration effort and 3-1/2 years from startup for a prototype commercial unit. The building of this plant itself, it seems to me, would help encourage use of systems of this kind. It is important to recognize that fluidized-bed combustion is still in the research phase and it is most likely that as work on our project proceeds, need for changes and improvements in design will become apparent which would indicate the need for further demonstration plants. In view of the potential importance of fluidized-bed combustion to the use of high-sulfur eastern coal, we are pushing on this as hard as we can.

Flue Gas Desulfurization

We had proposed to the EPA that in bringing TVA plants into compliance with present SO₂ emission standards, we construct two additional types of scrubbers at our Shawnee Plant which would produce useful and saleable byproducts. These would be experimental scrubbers. EPA thus far has refused to permit this solution, and yet we still believe it would be helpful in developing flue gas desulfurization technology as well as solving our emission problem. Beyond that, the joint Federal-TVA study on scrubbers is adequate we believe.

TVA has already completed successful testing of one advanced particulate collection device and full-scale application is planned by early 1978. We have a solid base to support a significantly expanded role in the area of small particulate and sulfate emission control.

Public Participation

We certainly agree that public participation and public understanding are essential to the success of national energy efforts. In our own case we have tried to encourage public participation in TVA Board meetings over the past two years by including a period when members of the public may express their views and ask questions of the Board on both the meeting's agenda items and any other matter involving TVA.

In fact, we intend to bring up in these meetings the types of questions this correspondence involves, to offer open discussion on both the opportunities and obstacles involved in seeking solutions to energy problems.

We do not feel that the decision makers' responsibility or accountability in this difficult field should be diffused, but that all the diverse (and sometimes conflicting) views of various segments of the public should be heard and taken into account. We have also held public hearings on the matter of rate design, where this diversity of viewpoints was dramatically demonstrated.

We believe the direct public participation in various energy-related demonstration activities now being planned and undertaken will give citizens the chance to share in this process--in much the same sense as TVA's agricultural test-demonstrations over the years.

We will be glad to consider additional ways the public might participate and to suggest any ideas we develop.

April 1977

THE WHITE HOUSE
WASHINGTON

April 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM*

I talked with Senator Byrd about his concerns on the omnibus energy bill. He has not talked with Long, but is anticipating trouble with him.

We have arranged a meeting in Byrd's office at 3:00 p.m. today with Dan Tate, Bill Morrill, Al Alm, Bob Nordhaus of Schlesinger's office, Senate Parliamentarian Murray Zweben, Senators Byrd, Long, Jackson and ~~myself~~. *me*.

Byrd wants to be cooperative and does not want to be embarrassed by early House action that he cannot deal with, and he will try not to break down the bill into any more than two major parts. Schlesinger's people say this may not be possible, and that it will probably have to go to Finance, Energy and Banking. If this is so, then we should schedule a meeting with these Chairmen after your return from Europe.

I will give you a report on this meeting tomorrow morning.

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THE WHITE HOUSE
WASHINGTON

April 25, 1977

Tim Kraft -

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Z. Brzezinski

Re: Meeting in England with
Margaret Thatcher

THE WHITE HOUSE
WASHINGTON

April 25, 1977

Tim Kraft -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Z. Brzezinski

Re: Meeting in England with
Margaret Thatcher

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

2283

ACTION

April 20, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
HENRY OWEN
VIA: TIM KRAFT
SUBJECT: Meeting in England with
Margaret Thatcher

Margaret Thatcher, Leader of the Opposition in Britain, has requested
a meeting with you during your visit there.

Embassy London believes -- and we concur -- that it is important for
you to see Mrs. Thatcher in London, perhaps for a 10-minute courtesy
call. This will help to ensure that your travel to the North of England
is not read as unduly political in England, a country with a strong sense
of "fair play." There is also a good chance that Mrs. Thatcher will
eventually become Prime Minister; this could even happen before her
scheduled visit here this fall.

The State Department concurs in this recommendation.

RECOMMENDATION

That you agree in principle to a brief meeting with Margaret Thatcher
in London, with time to be arranged.

Approve ☒

Disapprove ☐

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April 25, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM

TO : The President
FROM: Abe Ribicoff
RE : Summary of Committee Print of S. 826, Department of Energy Legislation

*ster
info
J*

The following is a brief title-by-title explanation of the provisions of the Committee Print of S. 826, the Department of Energy Organization bill:

Title I -- Declaration of Findings and Purposes

The Committee Print contains expanded sections on congressional findings and the purposes of the Act.

Title II -- Establishment of the Department

The Committee Print reflects the same basic organizational structure for the Department as was contained in S. 826, as introduced. The changes in the structure of the Department are:

- * provision for seven assistant secretaries (energy conservation, energy resource applications, energy research, international energy policy, environment, intergovernmental relations, nuclear weapons);
- * the establishment of an Energy Regulatory Board to administer the economic regulatory responsibilities transferred to the Department from the FPC and ICC;
- * expanded provisions on the responsibilities of the Secretary, including reference to the Secretary's lead role for international energy policy.

Title III -- Transfers of Functions

Title III provides for complete and partial transfers to S. 826, as introduced, with some changes, as follows:

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- * the regional nature of the Power Marketing Administrations is assured by additional language;
- * all of the power marketing functions of the Bureau of Reclamation are transferred to the Department;
- * the leasing arrangement between DOE and DOI has been made more specific by providing statutory references;
- * the leasing liaison committee's responsibilities and membership have been redrafted to reflect a desire to assure the effectiveness of the leasing arrangement between the two Departments;
- * the transfers of the HUD and DOT conservation programs have been redrafted to provide that the Department of Energy will develop and promulgate the conservation standards, while the implementation and enforcement of the conservation standards would be administered by the particular department involved; and
- * the transfer of some SEC functions has been deleted because the functions involve largely financial matters, and the SEC has done an effective job.

Title IV -- Energy Regulatory Board

Title IV provides for the establishment of a three-member Energy Regulatory Board to administer all of the economic regulatory functions of the Federal Power Commission and those transferred from the Interstate Commerce Commission. The regulatory functions of the FEA would not be considered by the Board unless the Secretary wished. Title IV provides that the Board will consider any proposal made by the Secretary in an expeditious manner. The Secretary is authorized to require the Board to give priority to any rulemaking proceedings, and to establish time limits for completion of action by the Board. The Board is authorized to make decisions by either informal rulemaking or adjudication. No decision on a rule adopted by the Board will become final unless the Secretary concurs in that decision. The Energy Regulatory Board

will have the authority to hear appeals from decisions by the Departments on requests for adjustments or exceptions to rules or orders issued by the Department.

Title V -- Administrative Procedures and Judicial Review

The Committee Print reflects the administrative procedures and judicial review mechanisms in S. 826, as introduced. In addition it requires:

- * publication of a statement explaining the need for, and probable effect, of any proposed rule or regulation;
- * a substantial evidence standard upon judicial review of all economic regulatory decisions by the Department.

Title VI -- Administrative Provisions

The principal administrative provisions of title VI in S. 826, as introduced, have been retained. In addition to these provisions, the Committee Print reflects the following new provisions:

- * a divestiture requirement for supervisory officials of the Department of all energy-related financial holdings;
- * full public disclosure of financial holdings by all supervisory employees of the Department. (The information to be disclosed would parallel the information required to be disclosed by Members of Congress);
- * disclosure of energy assets and income by employees of the Department at GS-13 or above;
- * a one-year post-employment ban on contacts by supervisory employees with the Department;
- * explicit subpoena power;
- * a directive to the Department to acquire and collect energy information, including the development of an annual energy industry profile report;

- * a requirement for broad representation of members of advisory committees;
- * annual authorizations for programs now authorized in such manner;
- * the establishment of an Office of Public Participation to administer funding for participation in departmental proceedings by members of the public.

Title VII -- Energy Planning

Title VII includes an amendment to S. 826, as introduced, establishing procedures for energy planning. The details of the planning requirements for the DOE are still to be discussed.

Title VIII -- Transitional, Savings and Conforming Provisions

This title reflects essentially the same provisions as in S. 826, as introduced.

Title IX -- Effective Date and Interim Appointments

This title reflects the provisions as in S. 826, as introduced.

April 22, 1977

THE PRESIDENT HAS SEEN



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

"FYI"

REPORT TO THE PRESIDENT

Subject: Department of Commerce Priority Issues

The following items are currently of priority concern to the Department of Commerce (DoC):

o First Quarter Gross National Product. As you know, the Commerce Department's Bureau of Economic Analysis released preliminary estimates for first quarter gross national product (GNP) on Wednesday. Real growth in the first quarter was at a 5.2 percent annual rate, twice the fourth quarter rate and higher than we had expected a few weeks ago. However, growth was far from uniform among the various sectors of the economy:

- unusually strong motor vehicle sales and a stronger rate of business inventory accumulation accounted for a very large part of the growth. If motor vehicle sales are left out of the first quarter improvement, the rate of real growth drops to 1.7 percent, most of which is in inventory accumulation;
- by contrast, government purchases (Federal, State and local combined) did not grow at all after adjustment for inflation;
- net exports declined due to more rapid growth of imports than exports;
- construction activity of all types was held down by the severe winter weather;
- excluding motor vehicle purchases, consumer spending and business investment in durable equipment rose only moderately after adjustment for inflation.

Looking ahead to the second quarter, a mixed picture again emerges. Probable elements of strength will be a catch up in delayed construction and a stabilizing or strengthening of the net export balance. A weaker element will be motor vehicle sales, which are unlikely to rise much further from their high first quarter level. Consumption spending more generally may be dampened by the desire of individuals to rebuild their savings, which were drawn down in the first quarter.

Business investment and State and local government spending are important question marks for the second quarter and the remainder of the year. There is as yet no statistical evidence of a really strong increase in business fixed investment. However, the apparently favorable psychological response in the business community to dropping the tax rebate and the easier credit conditions which should prevail without the rebate could encourage increased investment. On the other hand, the energy message may have some destabilizing impact on investment, at least in the short run. State and local government spending should pick up as a result of the local public works, public employment, and countercyclical revenue sharing programs.

On balance, although there is reason to be pleased about some of the recent indicators, it is still not clear that a strong sustained economic recovery is underway. The economy should be carefully watched in the months ahead.

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o Salmon Fishing Controversy. As mentioned in last week's Report, I have approved the "Fishery Management Plan for the Commercial and Recreational Salmon Fisheries off the Coasts of Washington, Oregon, and California" and have directed that it be implemented immediately. At the same time, I have written the Pacific Fishery Management Council to express my concern about certain aspects of the plan. I am concerned about the impact of the plan on the troll fishermen, and I have requested the Council to consider amending the plan to shorten the period of closure for them, or by imposing minimum size limits on chinook salmon and additional restrictions on the recreational fishery. In addition, I have requested the Council to consider whether the plan fully implements the treaty rights of the coastal Indian tribes or whether further elaboration may be required. Finally, I have requested that DoC representatives discuss these matters with the Council at its next meeting.

o Local Public Works Program. On April 19, the House and Senate conferees reached agreement on the legislation to extend the Local Public Works Program. I am hopeful this legislation will be passed and sent to you next week. Several of the agreements are significant to the Administration, reflecting that our February recommendations had a substantial effect on the outcome of the revised LPW legislation:

- The Senate version of the State allocation formula was agreed upon, which takes into account the numbers of unemployed and the unemployment rates of States.
- A House amendment eliminating the "70/30 split" so that funds will be targeted to the areas of highest unemployment was accepted.
- I understand language will be included allowing DoC to accept new applications at our discretion rather than allowing large numbers of new applications.
- The responsibility for preparing a study of public works investments is being assigned to the Secretary of Commerce. The study is due within 18 months after the passage of the bill and will include an historical analysis of the scope and nature of public works investment, identification of methods by which the aggregate need for public works can be determined, and an examination of how public works are financed and how financing arrangements affect the pattern and type of investment. This will be the first such examination of public investment needs and their role in economic recovery in some time and should be useful for public policy.


Juanita M. Kreps

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